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Internationalization of Small and Medium-size enterprise: How do innovations from institutions and entrepreneurs influence SMEs to operate in international markets?

Case Study of HELVETIQ, an independent Swiss publishing company founded in 2008.

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ABSTRACT:

This thesis discusses the importance of public policies and institutions in the internationalization process of SMEs. It highlights the weight of such organizations, correlated with the entrepreneurial aspect of SMEs. The company Helvetiq, an independent Swiss based publishing firm, was chosen as a case study to illustrate these theories. The purpose of such research was to help the reader understand the challenges that SMEs are facing, and how innovative projects from institutions, entrepreneurs and networks can help the development of SMEs on an international stage.

KEY WORDS:

Internationalization, SME, Entrepreneurs, Born Global, Globalization, Product differentiation, Networks, Board Games, Games Industry.

ABSTRACT:

Ce mémoire soulève l'importance des politiques et institutions publiques dans l'internationalisation des PME. Ces recherches mettent en avant le poids de telles organisations, reliées au caractère entrepreneurial des PME. L'entreprise Helvetiq, une maison d'édition Suisse indépendante, a été choisie comme étude de cas afin d'illustrer ces théories. L'objet de cette étude a été d'aider le lecteur à comprendre les défis auxquels sont confrontés les PME, et les projets innovants proposés par les institutions, les entrepreneurs et les réseaux d'entreprises afin d'aider les PME dans leur développement à l'international.

MOTS CLES:

Internationalisation, PME, Entrepreneurs, Born Global, Globalisation, Différentiation de Produits, Réseaux, Jeux de Plateaux, Industrie du Jeu.

METHODOLOGY:

Studying the topic of the internationalization process of SME, was a strategic choice, as being currently doing an internship in the company Helvetiq in Switzerland. This company has started to internationalize since 2010 and is now facing daily challenges, which requires a lot of investment in terms of time, money and strategic negotiations. The internationalization of SMEs is a topic that has been widely studied, and we were inspired by the various research available to go further in our studies and develop theories.

In order to understand better the support that Helvetiq gained from the public institutions in this process, we decided to analyze this subject more deeply and analyze the past research of this subject through books and articles from academic sources. We also conducted interviews of strategic members of the team, to have a wide understanding of the company's vision and organization. We highlighted the relevance of the entrepreneurial discoveries and the networks to take advantage of being a small firm compared to bigger competitors.

The research on the board game industry are not numerous, therefore we used our experience gained from a curious mind and helpful managers at Helvetiq to analyze this company. Our questioning was a continuous process that led us to re-formulate our issue several times in order to provide a relevant research with interesting insights.

I- Introduction

A. The subject of the study

Pushed by the development of international markets, small and medium size enterprises are facing challenges and opportunities in all sectors. Globalization has led to an increased competition, leading SMEs to play a key role in economies by focusing on their national territory such as beyond their frontiers. While large firms are the main drivers of the internationalization of products, services and processes, SMEs compete and adapt their corporate strategy when following a goal of developing their business at a national and international level.

The fall of trade barriers has forced companies to adapt themselves to compete within their national markets with international actors and led to an intense rivalry in several sectors, for instance in the board game industry. This phenomenon should not be withdrawn or considered as unfair rivalry, as it indeed increases the consuming power of consumers and benefits the global economies. SMEs account for 90% of the world business and represent about 50% of worldwide employment. Therefore, they are an essential key driver to define tomorrow's economy development and reduce poverty by implementing new business processes, products and services. Several SMEs have the ability to rapidly change their strategies and processes compared to bigger firms that suffer from a stronger hierarchy and a slower flow of information. SMEs can therefore compensate their handicap of being small by innovating whether on a process or product orientation for the sake of national and global consumers. Moreover, national and international institutions might help SMEs by advising and supporting them when deciding to expand their business abroad. Nonetheless, in specific sectors, companies do not only compete on price differentiation, but rather on product differentiation, and the innovative aspect of SMEs therefore becomes their key competitive advantage on the international stage.

B. The relevance and importance of the study

SMEs play a key role in economies, and are driving the development of businesses and countries. They can use their creativity to reach new customers and position themselves in niche markets to compete with their national competitors as well as international ones. These changes within markets can be illustrated by the development of the born globals, firms that follow internationalization processes as their corporate strategy.

When following a path of internationalization, SMEs focus on their added value that differentiate them from others, to strengthen their competitive advantage and take advantage of it on the international stage. However, entering new markets for an organization means facing challenges from a macro and micro point of view. National and International institutions can develop strategic projects to support SMEs at different levels, and prevent them from taking overwhelming risks.

These innovations must also be seen from an entrepreneurial focus that follows a structured path including all dimensions of the firm, from an organizational managerial aspect, to a global development management. Moreover, creating a product, innovative or not, is a process that takes time, energy and great management. Entrepreneurs handle a consuming posture, and can take advantage of developing strategic networks, to succeed in their internationalization process and product differentiation development. Moreover, the publishing sector, especially in the board game industry, requires additional research to understand the characteristics of this market.

C. The scale and limits of the study

The case study of Helvetiq will be analyzed in details from its project stage to its success story and international transition. However, the principles and actions that will be analyzed do not reflect the cases of all companies and therefore can only be compared to a precise sample of SMEs. We will particularly highlight the publishing industry and the games sector to underline our theories. To give a wide understanding of Helvetiq's position, we will analyze the situation of

Swiss SMEs in the internationalization framework. As being currently working at Helvetiq, there might be a bias of analysis due to the current position and relationships with this company.

D. An overview of the subject area

A large number of academic research has been made since decades to understand the different internationalization processes followed by SMEs. Developed and emerging countries have had a great interest in understanding the need and reasons that motivate their SMEs to look beyond their frontiers. From a managerial point of view, to the development of globalization, we have used these research to analyze this process by illustrating a specific case study in our research.

Swiss SMEs are very competitive on the international stage, and the available research has helped us to understand their strategies and analyze the case of Helvetiq.

E. The Issue

Internationalization of Small and Medium-size enterprise: How do innovations from institutions and entrepreneurs influence SMEs to operate in international markets?

F. Indication of the plan

Our questioning will be to analyze what projects are being developed to help SMEs succeed in their international development, from public policies to regional support. Then, we will focus on the entrepreneurial discovery as a key driver of innovation, and the weight of developing a strategic network to face the challenges of internationalization. Finally, to illustrate our academic research, we will study the case of the company Helvetiq, a Swiss publisher that allies global ingredients to Swiss design in order to run independently at a national and international level.

II- Theoretical framework of the internationalization processes.

A. From public policies to corporate strategies to help SMEs succeed in their national and international development.

a. The Smart specialization project.

SMEs are facing internal barriers on a daily basis, and trade barriers when wanting to internationalize. Foreign rules and regulations, tariff barriers and property rights protection are the hardest obstacles that they have to face, according to the OECD Report on “The Role of Trade Barriers in SME Internationalization” (OECD, 2006). In order to support SMEs’ development, the Smart Specialization policy is an innovative concept that defines a method for analyzing desirable areas for intervention.

In his paper “Smart Specialization: Opportunities and Challenges For Regional Innovation Policy” (FORAY, 2015), Dominique FORAY¹ gives us insights about this project, and an overview of SMEs’ context. First, it is essential to state that entrepreneurs know better the market than the government, as they are the ones shaping it every day. They are in the best position to change the world’s business. Second, technology is evolving faster than we can expect, and therefore, theories and concepts must be created and developed in accordance to this fact. Third, each aspiring nation is making efforts in terms of innovation and research to be able to compete with others. Countries must embrace this competition instead of avoiding it, and take advantage of it. Finally, in this post-crisis European situation and the emergence of global competitors, it is essential for SMEs to create sustainable business models and pursue their development goals with all the help they could benefit from.

There has been many studies about the internationalization process of Small and Medium Size Enterprises, and a part of these studies referred to the public policies and the institutions that

¹ Dominique FORAY is a professor at the Ecole Polytechnique Federale de Lausanne, in Management of Technologies. He worked as a permanent consultant for the OECD from 1993 and 1995, where he contributed to the program on “National Systems of Innovation”.

tend to support their development. The Silicon Valley is an example for the whole world and has shown several times its consistency and its benefits. There is a raising interest for growing incubators in all developed countries, and try to shape the future Facebook or Google that we have seen emerging the last decades. However, reaching such a target is not an easy process and involves the weight of external factors.

Public and private institutions and organizations have been growing to organize business plans contests or even project presentations to supply SMEs with additional funding and management support. These institutions have already helped the development of hundreds of companies worldwide, and we can even see the systematic development of project management teaching in business school, or incubators that guide entrepreneurs from their very first idea to their project concretization even when still being a student.

In this environment of post-crisis in Europe, it is a very big challenge for entrepreneurs to pursue their ideas and create new projects that will lead them to create their company and become their own boss. Any innovation of project creation might lead to the creation of dozens, hundreds or thousands of jobs, and is therefore essential for countries nowadays, to recover from the hard times they have been facing.

We would like to highlight one of the current strategies of the European Commission that proposes a new way of structuring the support that could be given to SMEs in their national and international development, known as the Smart Specialization Strategy.

The Smart Specialization Strategy and Policy was developed thanks to the research in 2005 of the *Knowledge for Growth Expert Group*² established by J.POTOCNIK Research Commissioner, and has become an important objective of the European Union Cohesion Policy known as *the Research and Innovation Strategies for Smart Specialization (RIS3)* (European Commission, 2012). The

² The Knowledge Expert Group was created in 2005, by Janez Potocnik, in order to analyze and strengthen the Lisbon Strategy of the European Union. This group of economists published several reports, such as The Policy Brief "Smart Specialisation – The Concept" in June 2009. Dominique FORAY was named Vice-chairman of the group by the Commissioner.

Expert Group “Knowledge for Growth” was a group of economists that aimed at providing insights about ways to develop sustainable growth and prosperity, to promote the creation, dissemination and use of knowledge, and to strengthen dialogues among the different actors of society. This policy aims to act in a non-neutral manner, by favoring certain areas of technology, firms or fields to identify desirable areas for innovation. The concept is to concentrate on several activities that are likely to bring changes to the current economic system thanks to Research and Development and Innovations.

When being small, it is harder to invest large amounts of money in R&D, and therefore, it is necessary to think “outside of the box” and find other solutions. When concentrating the efforts and resources of multiple actors on several activities, it will generate more value and outcomes than when acting alone. The three main objectives of Smart Specialization, according to Dominique FORAY in his book “Smart Specialization, Opportunities and Challenges for Regional Innovation Policy”, are as follows:

- *“ To improve the performance of the targeted sectors*
- *To build capabilities and expand the knowledge to new domains of R&D and innovation*
- *To generate spillovers to the connected domains of the regional economy”*

In Europe, the public research system is fragmented and nationally based, and, in most of the cases, it is hard to access information when wanting to invest in another country. Interactions between the private and public sector must be carried out in a strategic way to support entrepreneurial discovery, which is and will be the grass root of innovations (FORAY et al. 2011). Communication is therefore essential to establish an effective Smart Specialization Strategy, by encouraging policy makers and stakeholders to develop a common vision on where they want to see their region in the future.

This strategy is not only designed for the top or best companies, but focuses on a mid-granularity of entities, that work together in a complementary way. The goal is to start from an

entrepreneurial discovery or vision, followed by an entry and agglomeration of firms in the chosen activity, to finally implement structural changes such as diversification, modernization or transition (FORAY and RAINOLDI, 2013). Sometimes, the spillovers of a discovery are left behind, while they could be useful to another entity. Therefore, taking advantage of these spillovers and sharing them would bring more actors to analyze them in a different way and possibly transform them and generate value.

There has been natural cases of Smart Specialization, such as the *Arbeitsgemeinschaft für Osteosynthese (AO)*³ creation in 1958 by Six Swiss surgeons in the region of Basel and Biel, in Switzerland. They implemented a new method of repairing bones using internal plates, screws fixations and early exercise, which led them to need specialized actors and suppliers to produce the needed top-quality tools.

R. MATHYS (FORAY, 2015), the owner of a metal processing factory, was contacted by one of the surgeons to take part into this project and change his production processes to be able to respond to the medical demand for technologies, which was not a developed sector at the time. It took several years, facing challenges and threats, to develop these goods and enter this niche market. However, the group of surgeons and engineers got the support of the local bank, by convincing them that, even if having “*accumulated a debt of 300,000 Swiss Francs*” (FORAY, 2015), it was worth the try and investment. This technique has now been taught in medical school and has embraced a new path for innovation. It all started by an entrepreneurial discovery, that, thanks to an eclectic network and various knowledge, led to the realization of a project and the creations of institutions to help them resolve their organizational problems.

By concentrating together on a common issue, a group of people with entirely different background were able to go further the idea stage and actually revolutionize the medical system. It was necessary to bring together actors that had different points of views and could benefit from the knowledge of each other. They were able to address several issues, and thanks to supportive

³ German for “Association of the Study of Internal Fixation”, or AO. It trained courses and trainings on methods of bone plating and surgical treatment.

institutions and funding, accessed the needed research, tested their own theories, and finally implemented their products, and medical methods, into a new market. It was a challenge at the time, and, without the support of the Swiss bank, to let them explore new ways of innovations, they might not have been able to do it in such a short period of time.

Smart Specialization is about bringing together actors in order to raise themselves together and accomplish greater projects, instead of excluding others from the use of innovation.

It aims at exploring new activities at a regional level, to discover new market opportunities and thereby strengthen regional competitive advantage. Instead of offering a method to determine the strengths and weaknesses of a region, it will emphasize in analyzing whether that region should, or not, invest in R&D and innovation projects related to the advantages of that region and fields.

From a horizontal to a vertical approach and resource allocation (FORAY and ARK, 2008), the logic is to target a preferential intervention logic, by concentrating the efforts and research on a few new activities that originally are from entrepreneurial discoveries in order to:

- Help the development of new activities that have potential benefits in terms of spillovers and innovations,
- Transform and diversify regional systems by implementing new techniques and options,
- Create and grow networks and clusters in a diversified region.

Horizontal policies are not to be replaced, as they are in favor of SMEs development, thanks to incubators, diverse financial supports or investments in human capital. This vertical policy would be added to the horizontal existing one, and develop principles in accordance to a macro and micro analysis. The strategy will highlight from five to ten priorities to be achieved by the region, in a defined period of time. After four or five years, these priorities will be re-defined in order to highlight other activities and keep feeding the R&D and innovation explorations. A map of the region will be used to identify the different actors, from different levels, and will be updated to take advantage of all opportunities. The more promising projects will be selected, and the policies

will be managed at a national and local level, with a strong focus on communication, to develop a long-term vision.

The central insight of smart specialization is to set priorities, and allocate resources to certain domains, focused on technology, field, disciplines, and sub-systems within one or several sectors.

New activities and new domains will be explored by groups of actors that are supported by the public administration, such as their private sector partners.

For SMEs, implementing Smart Specialization policies and strategies is a step towards greater national and international development, by supporting them in using their entrepreneurial discovery to design a sustainable business model (FORAY, 2012). Moreover, from one innovation could grow different roots that, in the end, benefit several actors and act in favor of a region. SMEs would have a larger access to information, and learn from the knowledge of others actors when deciding to internationalize. Moreover, in a globalized world facing daily challenges with the new entries of competitors, developing a sustainable competitive advantage has never been so crucial.

As we will see further in our research, we will study the case of Switzerland, which, even though not applying directly this Smart Specialization strategy, has developed an efficient method for supporting the development of its Small and Medium Size Enterprises.

b. The internationalization patterns of SMES.

Succeeding within a national territory is already a great victory, but, nowadays, firms and SMEs in general tend to look beyond their frontiers at a faster pace than it was the case decades ago. Creating a company, offering a new product or service, is a costly process that can be profitable by only selling it within its home territory. However, SMEs can do large economies of scale and bigger returns on investments when penetrating new markets. Especially in high-technology sectors, where the demand for new products never stops or slows down, but also in more traditional industries, such as the board game one that we will use as our case study further in our research.

In order to illustrate the several pathways that SMEs follow when deciding to internationalize, we have studied the existing research, using the data of previous research on the challenges of internationalization for SMEs (JONES and COVIELLO, 2005), the comprehensive frameworks of this process (LEONIDOU and KATSIKEAS, 1996) and the rapid internationalization of born global and international new ventures (McDOUGALL and OVIATT, 2000). JONES and COVIELLO identified internationalization as “patterns of behavior, formed by an accumulation of evidence manifest as events at specific reference points in time.” (p.292), which is relevant and abstract, and will help us understand the three main patterns of internationalization that were identified (OLEJNIK and SWOBODA, 2012),:

- The Gradual Internationalization: The Uppsala model, (ELGAR and EDWARD, 2003), highlights the fact that the internationalization process is a self-reinforced and progressive learning process where entrepreneurs and companies acquire knowledge of the markets before starting to develop their businesses across borders. It also claims the lack of knowledge of markets as a main obstacle of internationalization. This pattern highlights unregularly exporting activities, with the use of intermediaries such as distributors or independents agents. The risks taken by the managers are therefore reduced and they can rely on strategic partners to penetrate the markets that they have well studied and chosen to be as effective as they expect.

Moreover, the commitment to new markets with higher psychic distance is made gradually and companies tend to start their internationalization process in geographically closer markets to then expand the implementation of their products in markets that are not so close to their home territory. The importance of the cultural dimension is a key factor of their development on foreign markets, as the first step that they will take will be in markets that are well-known. If such penetration appears to be positive, managers will then look beyond their frontiers and start implementing in markets that are geographically and culturally further their national territory.

- The Radical Internationalization: In general, born global firms are referred, (OVIATT and McDOUGALL, 1994), as “a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”. These born global consider the world as one market-place and are likely to pursue international new ventures, which is defined as radical internationalization. The psychic distance of markets is not a barrier for them (BELL et al. 2003) and they tend to enter different foreign markets within the three first years of the creation of their business. Their purpose from the beginning is to act on several markets, even though studies have showed that they tend to implement first in their home territory to then rapidly expand to international markets. The process is more risky than the Gradual International, but it is also much faster and can be very effective when offering a product or service that has not previously been explored, and can become an interest for the global world in a short period of time.

- The Radical but late internationalization: This pattern of internationalization represents when a firm embraces international market after becoming successful within their domestic market. They had no particular interest in going global, and suddenly decide to look beyond their frontiers at a rapid growth, usually thanks to opportunities and incidents. This is explained by an effective use of resources that allows companies to see more opportunities and Bell et al., in their research, defined them as the Born again global firms. This pathway is very interesting as it reflects one of the challenges that SMEs have been facing the last decades, and are still facing today, as they see global competitors enter their national markets. It can sometimes push them to look beyond their frontiers, to reach higher volumes of sales and bigger returns on investments.

SMEs take different pathways when planning their internationalization, as managers, due to the opportunities that they see, make different choices. However, their strategies may change overtime as their knowledge increases and might lead them to adapt other processes. Traditionally, firms start expanding into markets that are either geographically closer to their

home market, or relatively similar to it in terms of culture, language or institutions. The main characteristics that were analyzed in the studies of Edith OLEJNIK and Bernhard SWOBODA, to identify the patterns chosen by SMEs are the time lag, the countries, the modes of entry and the foreign sales ratio, as they best represent the empirical data on SME ways to internationalize.

These research highlighted that the risks that were willing to take the managers differ from one pattern to another, and vary very much also from age, international experience and number of production subsidiaries. There are differences in terms of firms' size, amount of countries penetrated, technology orientation and perceived overall performance between the traditional firms, the born global and the born again global. These patterns have unique characteristics, and might evolve in time as managers increase their commitment at an international level or their overall performance on their national territory.

The international orientation and the growth status of firms, from their creation to their gradual development, illustrate whether they committed to a gradual, radical or radical but late internationalization process.

B. The entrepreneurial aspect of SMEs as a core element of success.

a. The external factors that affect the startups and SMEs' early phases

The U.S Small Business Administration defines Startups as *"a temporary organization designed to search for a repeatable and scalable business model"* while, according to the same administration⁴, a SME is an *"independently owned and operated, organized for profit, and not dominant in its field."* These two entities might appear similar due to their entrepreneurial orientation, in addition to restricted finances and staff at their early phases. Startups are more risky, in the sense that they raise questions and tend to develop new trends, products or

⁴ The Small Business Administration is a government agency of the United States that supports entrepreneurs and small businesses. Congressional Budget Justification, FY 2015.

processes. They focus on developing an effective business model that could lead them to exit the startup phase and develop a real business.

Regarding funding, Startups seek to share profits between investors and owners, and therefore split the power control. SMEs follow a more structured organization that already has knowledge of the market and focus on delivering value to its customers. Their ability to change rapidly is one of the strengths that allow them to respond to changing trends. The financing approach of SMEs is different as it tends to be more conservative, owned by entrepreneurs that prefer not to split the power between several investors or owners.

These two organizations have different business models, however, they both are created thanks to ideas that turn into projects that tend to be developed. They might be innovative or redundant, they all include several factors that affect the accomplishment or failure of these projects. Bill Gross⁵ made a research analyzing the factors that makes companies succeed the most. While the startup organization is considered to be so great, with incubators helping to develop successful business models, there was a need to highlight the reason why so many fail.

He highlighted five factors that are the core elements of organizations: The idea, the team, the business model, the funding and the timing. He analyzed two hundreds companies and then ranked each attribute to extract ratios and analyze the factors influencing the most companies' status. While the business models and the funding are directly related to the organization of a company, it is the timing that ended up as the most important factor of a company's success or failure by 42%. Timing is essential for companies and their success depends very much on it. We can take the example of YouTube that was launched at the right moment within the right environment when Adobe updates allowed computer's users to watch videos faster and more easily. Their business model at the time was not very developed but they had the perfect timing and created a worldwide success. Today, companies should analyze whether customers are ready

⁵ Bill Gross, also known as William Hunt Gross, co-founded the company Pacific Investment Management (PIMCO) in 1971. He is an American financial manager and author, and wrote in 1997 "Everything You're Heard About Investing is Wrong!", Crown Business.

to accept their business in order to succeed. Timing leading to a success is also a matter of luck, and obviously cannot be determined prior to the launching of a business.

The team and the organization of a company account for 32% of their success, with adaptable people that change their strategies to respond to the customers' needs.

The ideas, account for 28% of success, the business model for 24% and the funding for 14%. These theories, can vary from an environment to another or from a company to another, but, in general, startups and SMEs necessarily need support to pursue their development goals. From corporate strategies to public policies, institutions can help them in this process, for instance by providing them information on the market and financial or organizational management support.

As the timing and the team and its organization appear to be the two most important factors of the startups' success, the entrepreneurial discovery and its management are therefore a key element of developing a business and leading it to become a project. Having a good idea, is sufficient to develop a product or service and implement it into a market, but SMEs and startups should also focus on delivering the next ideas and projects and they should keep their innovative spirit to keep their successful position, if they reached this point.

We will go further in our studies by analyzing the entrepreneurial discovery, which part does it take in a company's development, and how could it be a driver of future innovations in terms of management, products, or processes.

b. Entrepreneurial discovery as a driver of innovation

The entrepreneurial discovery is the key element of the creation of any SME. It might arise from an original idea, or from the need to respond to a demand. Entrepreneurs now have the opportunity to expand their ideas to the world and to reach a wider market, in ways that are more flexible than it used to be decades ago. Courses about project management are taught in business schools to support fresh brainers to help them concretize their ideas, and think about an international business perspective. Moreover, we would like to analyze how strong is the

relationship between the discovery of an idea and the role of entrepreneurs to define their development strategies.

Jay WEERAWARDENA, has made a research on the role of innovation in SME's strategies, and defined the organizational innovation as:

[...] the application of ideas that are new to the firm, which create added value either directly for the enterprise or indirectly for its customers, whether the newness and added value are embodied in products, services, or in work organization, management or marketing systems. (WEERAWARDENA and O'CASS, 2009)

There has been many studies about internationalization, however, they tend to rely on the facts of large multinational firms, and therefore are not an accurate and realistic representation of SMEs, as they differ from them in terms of management, independence, operations and hierarchy style. Small companies behave differently and are organized in a different way than large firms, they are smaller and have to adapt themselves to the markets, and put together various efforts to be able to compete with bigger actors (GOMES-CASSERES, 1997). Gary KNIGHT identified the internationalization of SMEs as an entrepreneurial activity strengthening the idea that entrepreneurs are the driving force of this process (KNIGHT, 2000). Other research highlighted the fact that there is a strong existing link between entrepreneurship, innovation and marketing strategies (KERIN, 1992). On the other hand, WAKELIN (WAKELIN, 1998) raised that the relative prices, in addition to innovation, can influence the export behavior of a firm. Studies tend to describe a sustainable link between innovation and entrepreneurship, and test the hypothesis from Joseph A. SCHUMPETER of a correlation between the size of a company and its level of innovation. Following this theory, smaller companies would be less able to innovate and export

than large firms, however, recent research about the born global tend to give a new point of view (OVIATT and McDOUGALL, 1995). According to McDOUGALL and OVIATT, international entrepreneurship is:

[...] a combination of innovative, proactive and risk-seeking behaviour that crosses national borders and is intended to create value in organisations...the study of IE includes research on such behaviour and research comparing domestic entrepreneurial behaviour in multiple countries.

Following this definition, the behavior of the entrepreneur of the firm is at the central place of the SME's success or failure, and risk-taking degree. To go further the existing research that tend to correlate two aspects of internationalization and entrepreneurship, Jay WEERAWARDENA and Aron O'CASS analyzed the innovation and international market performance in SME internationalization assuming that:

- "International entrepreneurship has a significant positive effect on organizational innovation intensity.
- Firm size positively influences organizational innovation intensity.
- International entrepreneurship has a significant positive effect on SME's propensity to engage in exporting.
- International entrepreneurship has a significant positive effect on marketplace performance.
- Organizational innovation intensity has a significant positive effect on marketplace performance. "

They analyzed the managers of the firms from the manufacturing sectors in a major Australian State. They examined all types of innovations from the same industry by choosing respondents that had a wide view of their business as handling top-management positions. They measured International Entrepreneurship, Organizational Innovation Intensity thanks to the method

developed by WEERAWARDENA that measures the degree and intensity of the exporting, the firm size and the marketplace performance.

The results of this study were that entrepreneurs handle a “Resource consuming posture” (ROMANELLI, 1987) that enables them to gain competitive positional advantages by developing organizational innovations. By running companies that are smaller in terms of firm’ size, entrepreneurs keep their international entrepreneurship as the core value of their business, and are willing to export better, and faster, than traditional firms. Moreover, innovation is driven by several factors that still have to be studied and analyzed. The correlation between the entrepreneurial aspect of the firm and its internationalization processes have a positive impact on the market place performance, on a national and international scale.

However, assuming that entrepreneurs are the core elements of what drives a company to its success or failure, the importance of the networks to pursue national and international development goals are also crucial. When entrepreneurs start to think about turning their original ideas into the creation of a startup or SME and go beyond the project stage, it is recommended to be supported by relatives, co-workers or partners that could help them in this process. Choosing the right partners, from the project creation to its international development, is a key element of making the right steps. Even if some entrepreneurs claim not to need any support and face the challenges on their own, being well guided can be a decisive added value.

c. The networks and co-operations of SMEs

In this part, we will study the importance of the networks and the co-operations of SMEs in their development guidelines.

SMEs are, by definition, small and medium size enterprises, that too often cannot afford to invest too much of their capital, assets or resources into the development of a project. Therefore, when deciding to develop a new concept of good, service or process, being part of a strong network can be of good help. If the price differentiation has been one of the key element of competitive advantage these past decades, the trends are changing, and the need for product differentiation

has never been so urgent (TRESCA, 2013). By putting their efforts altogether, SMEs can share their knowledge, and take advantage of it. For instance, when deciding to jump from a production system to another, the past experiences of similar actors would be a golden feedback for SMEs that tend to reach economies of scale without compromising the quality of their products or services. However, when being a small company without much experiences, deciding to make changes in general can be very risky for the wellness of the organization.

That is why, in global markets especially, promoting the collaboration of various partners would be a great support for SMEs (CHETTY and BLANKENBURG, 2000). Small companies could redesign the competition boundaries that they are facing, and change their situation in favor of a mutual development and cooperation. This could be illustrated by sharing their knowledge with their competitors, incubators, partners, global institutions, or external public or private entities.

Because of the development of a global marketplace, the competition within markets has kept increasing, and in order to take advantage of this phenomenon, relying on a network made of strategic partners could be a smart strategy (BRONDONI, 2010). Public policies are trying to create this environment, as we mentioned it previously with the Smart Specialization project, by developing connections within one or several sectors to help SMEs take advantage of their know-how and the one of others. As Silvio BRONDONI highlighted it on his research about Global Competition firms are no longer focusing on their national territory, but should bring together their efforts to reach the opportunities that are offered by the international stage. (BRONDONI, 2005),

To reach such targets, developing a managerial culture oriented towards internationalization is the strategy that has been taken by several SMEs, which we have described previously in our research as the born global. However, the correlation between the ability of a company to innovate and the size of their business is positive, which makes it easier for larger firms to present innovations compared to SMEs. Small enterprises are facing several challenges as follows:

- A poor access to capital compared to large firms,

- Managerial barriers and organizational difficulties due to the entrepreneurial aspect of SMEs that leads to a wider division of tasks,
- Recruiting qualified staff with limited finances to invest and organizational management to improve.

Large corporations, as we will highlight it further in our research with the example of the board game industry, can take advantage of this challenges and operate acquisitions to benefit from the product differentiation developed by small companies that hardly reach their sales volume target, or suffer from a lack of organization. To face these large competitors, creating bonds with and between small businesses is an alternative strategy.

Developing and strengthening global business networks, can lead to a higher level of exchange of technology, goods or services that act in favor of SMEs, as explained below (RULLANI, 2010):

“Networks can allow companies to specialize reciprocally, to be more creative and share knowledge (technological, entrepreneurial and organizational) to co-innovate, maintaining low the costs and risks, which are distributed over several parties, to multiply the value of ideas, extending the use of original knowledge to different locations, sectors and applications, and to increase flexibility, the level of personalization and time to market.”

Only a small amount of SME adopt the “network formula” and take advantage of creating links and relationships with other firms. However, cost efficiency is no longer sufficient to stay

competitive on a market, but rather product differentiation, which can be reached thanks to co-operations between SMEs. The use of brand names on a product or service, can be a real advantage for a company trying to penetrate a market, and the royalties given to third parties are likely to be reimbursed by a higher sales volume generated by the co-operation of two brands. Sharing the intelligence of firms, by creating a circuit of relations to enhance the company's distinctive difference, is a goal that public policies are trying to reach to help SMEs in their development perspective. With an increasing global competition, the need for renewable resources and skills to be able to innovate and stay competitive has never been so crucial. By sharing their knowledge culture, small companies can take part into shared actions, to improve their overall performance and respond to their changing environment.

Global business networks stimulate the overall performances of SMEs and allow them to make a difference, and keep their innovative characteristics. From a closed network composed of relatives and families to competitors or business partners, SMEs can challenge the markets by enhancing cooperation and acting together within the same direction.

To go further in our research, we will conduct an empirical study of the firm Helvetiq, and illustrate our theories by an analysis of its history, strategies and staff's perspectives.

III- Empirical study: The case study of Helvetiq: Which part did the regional policies and the entrepreneurial environment take in the internationalization process of the company?

In a first part, for analyzing the current position of Helvetiq and understanding our results, we will present this company for the reader to have a wide knowledge of the company's history.

A. Presentation of Helvetiq.

a. The story of Helvetiq.

Helvetiq is a Swiss publisher that produces books, games and design objects. Hadi Barkat, its founder and CEO, did his studies at the Engineer School of Lausanne (EPFL) in Switzerland. While working in venture capital in Geneva and travelling around the world, he decided to apply to get the Swiss nationality. He realized that there was no tools available to study the history of this country in a fun way. Most of the books were classical or ponderous and he had the idea to create a game that would allow people to learn about their country in a different way than reading books or searching for information on the internet.

This idea did not leave him until the first box of "Helvetiq" game came out of production, followed by its 30000 units. He created the company Red Cut SARL in 2008, also known as Helvetiq, without any financial support. While travelling to the United States and around Europe for work, the demand for the "Helvetiq" game raised. He got calls from journalists and Public Relations agencies that were very interested in telling the story of this man that suddenly created a game about their country. The interest for Helvetiq kept increasing and within a month, all the games were sold. Individual people, companies, libraries, museums, shops, everyone wanted to get that game that just appeared.



Picture 1: The Helvetiq Game. Source: www.helvetiq.ch

Helvetiq was originally a startup based in Lausanne that was developing and selling educational games and books, with physical and digital formats. The company's vision was from the start to become the "Nestle" of the educational market, with a strong presence in Switzerland as well as worldwide.

Two trends were, and still are, in favor of Helvetiq's development:

- People are passionate about learning when being attractive and available.
- The growth of information requires the advent of curators such as Helvetiq.

The targeted market of Helvetiq is the playful educational goods. Most kids need to have fun to learn, while adults keep enjoying learning when it's in an easy and attractive way. Studies underline it: The playful learning is more efficient, for all.

The idea of Helvetiq came from the need of its founder, Hadi Barkat, and thereafter responded to the needs of many other people. The extraordinary success of this game, originally in French, led to its immediate translation in German, Italian and English.

To respond to this growing demand, Helvetiq has kept its creative spirit and developed a wide range of products, as a few examples below:



Picture 2: The products designed by Helvetiq. Source: Hadi BARKAT.

b. Key numbers to illustrate Helvetiq's success.

Without benefiting from loans or financial donations, Helvetiq proved on a worldwide scale the attractiveness of the educational market and its ability to respond to this demand. Its accomplishments are as follows:

- CHF 440'000 of revenue in 2013 (40% of growth compared to 2012), 770'000 in 2014, 945'000 in 2015.

- 30'000 "Helvetiq" games sold in Switzerland since 2008 (14x more than a normal success in this particular market):

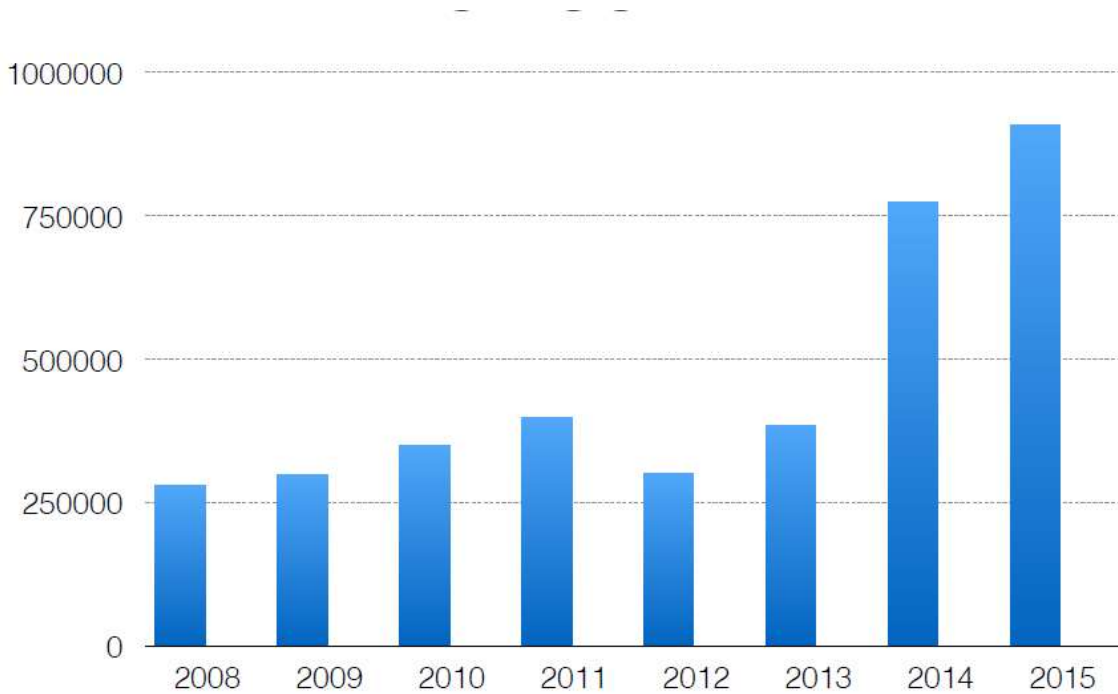


Figure 2: Sales units of Helvetiq's products. Source: Hadi BARKAT.

- 80'000 downloads of the "Helvetiq" app.
- More than 200 direct selling points in Switzerland, from Geneva to St-Gallen, and from Lugano to Basel, including museums, bookstores, design stores, gift shops, games and toy stores such as large retailers.
- More than 5'000 direct clients through the website www.helvetiq.ch

- 30 products launched with mostly bestsellers.

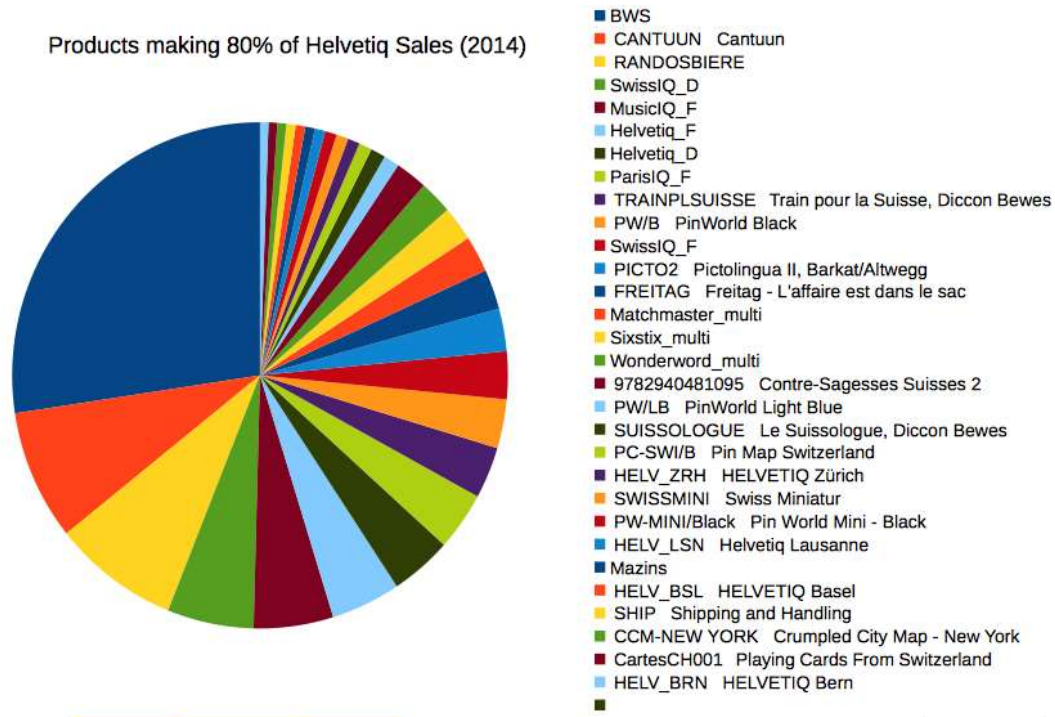


Figure 3: The products share of Helvetiq in 2014. Source: Jonas LEFRANCOIS.

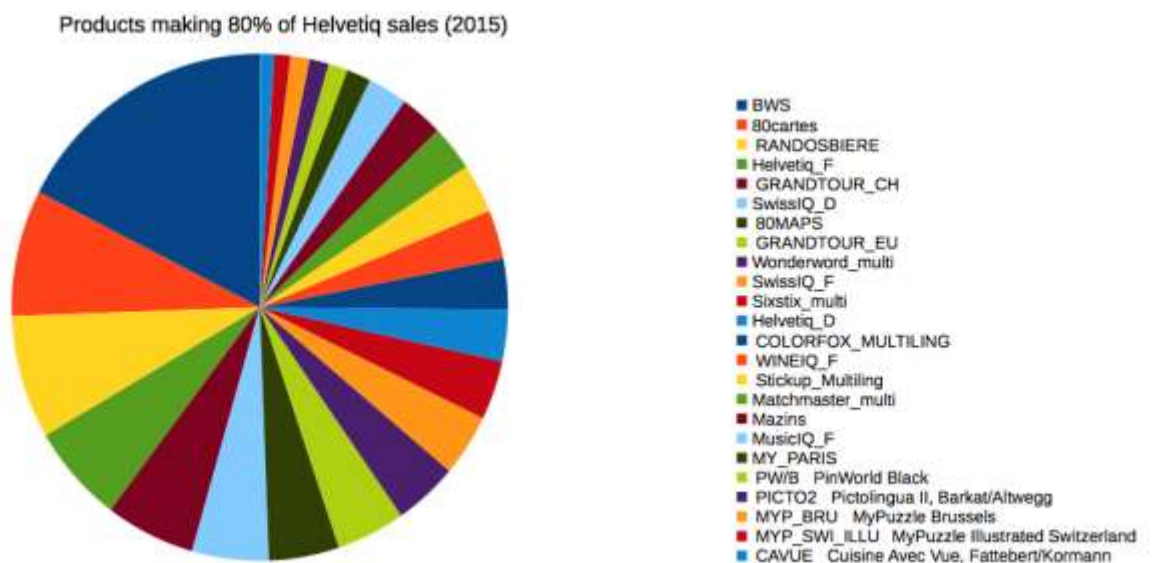


Figure 4: The products share of Helvetiq in 2015. Source: Jonas LEFRANCOIS.

- 8'000 games sold in Belgium.
- Launch of the products “NewYork City IQ” and “LondonIQ” in partnership with Chronicle Books LLC in the USA
- Positioning and strengthening of the brand in Switzerland.

During the past two years, Helvetiq has developed concepts of products that can be adapted from one country to another in a simple way. It has implemented a strong editorial and logical methodology that focuses on quality and rapidity. The positive returns from clients in Switzerland and overseas attests it.

The goal of Helvetiq now has doubled: to keep its revenue growth in Switzerland and to expand significantly its international revenue by concluding partnerships and distribution agreements in several attractive and promising markets.

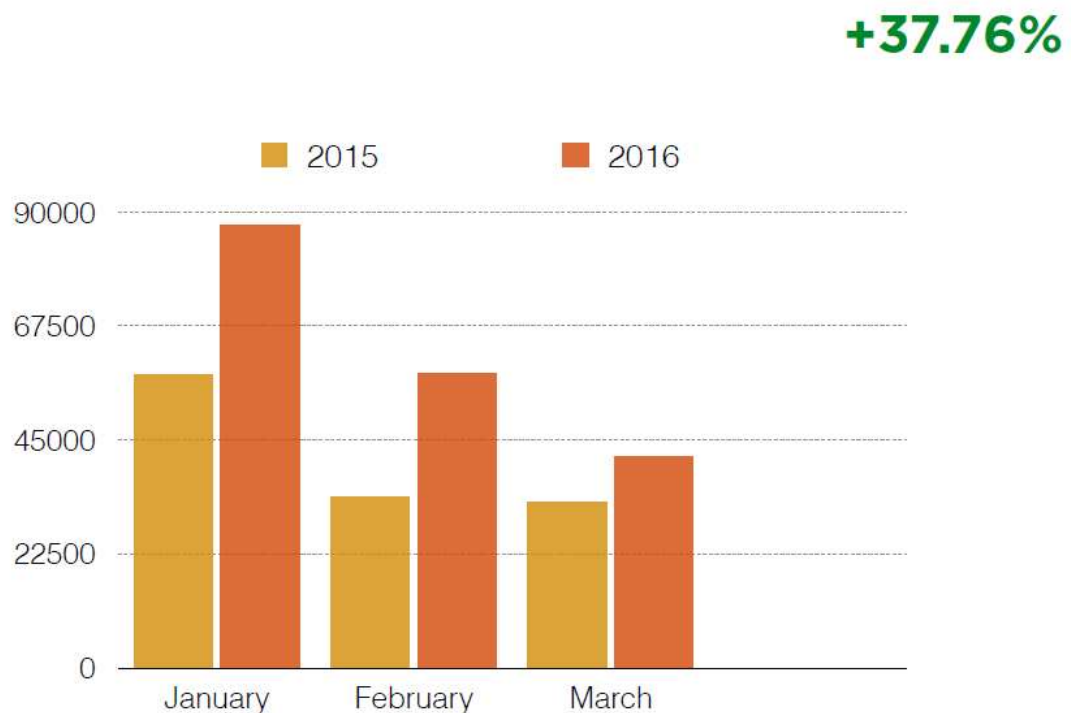


Figure 5: Sales volume growth comparison of 2015 and 2016. Source: Hadi BARKAT

The opportunity to reach a total CHF 30-50 million revenue within the next ten years is considered as a realistic scenario by the CEO and its team. As an example, reaching the same notoriety and success on the American market than it did in Switzerland, would generate more than 10 million Swiss Francs. On the French market, which is eight times bigger than the Swiss one, Helvetiq has a key partner that distributes all its games.

Helvetiq is a promising SME that is facing challenges in its internal organization and its internationalization process. It benefited from several support, to develop its brand on the international stage, and to keep its innovative concept as part of its team DNA.

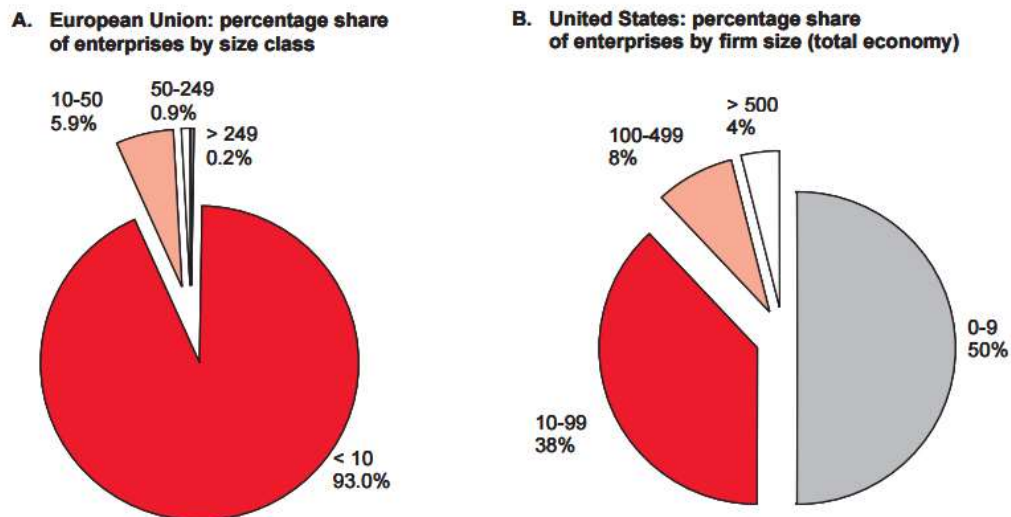
Helvetiq has currently 7 employees, with a large multicultural background, as presented as follows:

- Hadi Barkat, CEO. Half Algerian, Half Swiss. Has lived and worked in Algeria, Switzerland, the United States and Denmark. Speaks French, English, German and Arabic.
- Jonas Lefrançois, Head of Sales. Half French, Half Swiss. Has studied in Canada and Korea, worked in Korea, Switzerland, Canada and the United States. Speaks French, English, Spanish and Korean.
- Florence Devanthéry, Project Manager. Swiss. Has lived and worked in Switzerland, Italy, Luxembourg and Finland. Speaks French, English, German and Italian.
- Lucas Guidetti Perez, Graphic Designer. Half Columbian, Half Swiss. Has studied in Columbia and Switzerland. Has lived and worked in Switzerland, Columbia and the United States. Speaks French, English, German and Spanish.
- Florian Bellon, Graphic Designer. French. Has worked in France, Germany, Spain and Switzerland. Speaks French, English, German and Spanish.
- Olga Patrycha, Sales Representative. Swiss. Has lived in Russia, Italy and Switzerland. Speaks French, English, German, Russian and Italian.
- Olivia Chudik, Sales Representative and Administration. French. Has studied in Taiwan, France, Spain and Finland. Speaks French, English, Spanish and Chinese.

c. SMEs in Switzerland.

In the OECD area, SMES account for 95% of all enterprises, as the OECD highlighted it in their report on Small and Medium-sized enterprises, as below:

Share of SMEs in business firms



Source: Joint OECD/Eurostat database on SME statistics.

Even if not being part of the European Union, Switzerland has had close relations with the members' nations and has acted in order to participate in the Union' single agreement. The Swiss confederation has made it easier for entrepreneurs to create their own company in order to promote the development of SMEs. Swiss SMEs are developing in a smaller market than their neighbors, and therefore tend to internationalize rapidly. In a study conducted between May and July 2010 by the Institute for Entrepreneurship & SME of Switzerland (BALDEGGER, 2013), it showed that an average of 53.6% of sales revenues from Swiss SMEs were generated by exports. More recently, in 2013, The School of Management of Fribourg conducted the Swiss International Entrepreneurship Survey, analyzing the internationalization behavior of Swiss SMEs.

This research highlighted the exportation intensity of Swiss SMES, as below:

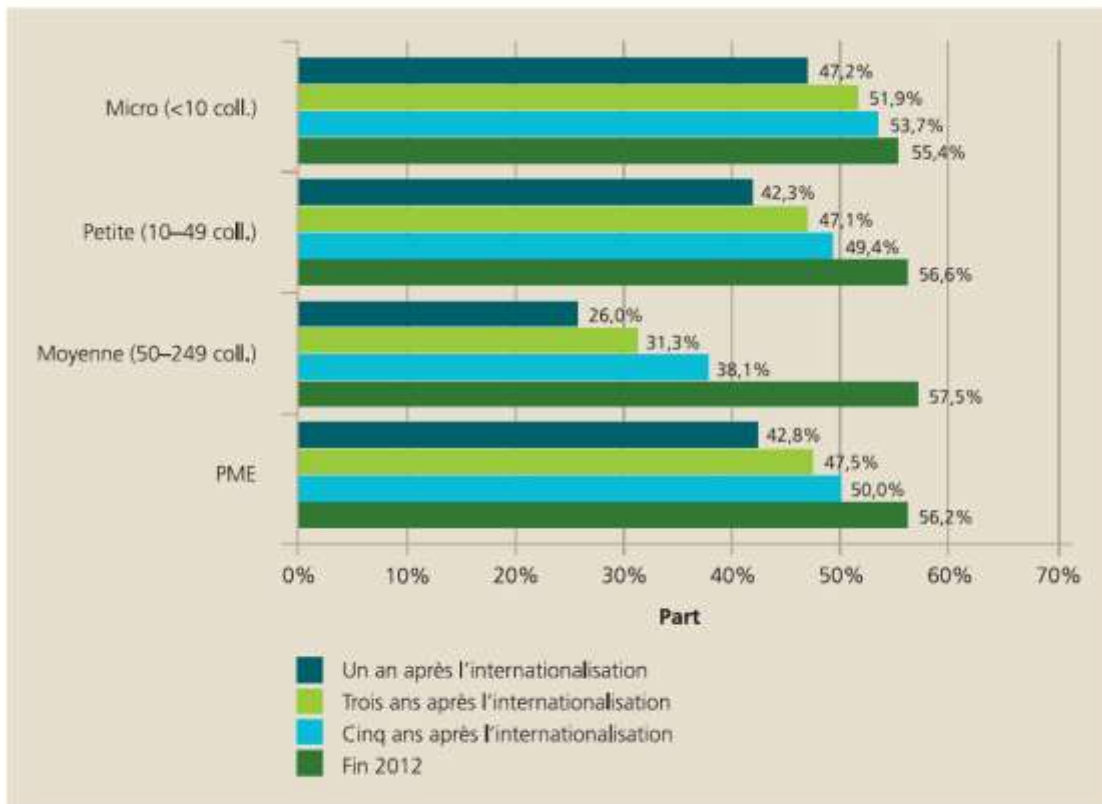


Illustration 3: Intensité des exportations de PME: part moyenne des exportations en pour cent du chiffre d'affaires net

Source : BALDEGGER, R. J. (2013), *Swiss International Entrepreneurship Survey 2013*

We can see that the way towards internationalization is rather rapid for the Swiss SMEs. Today, the geographic expansion of Swiss SMEs on international market covers 14.3 international market, implanted in 2.6 continents. The Born Globals, are even faster, as they supply 7.2 foreign markets after one year, 11.5 after 3 years, and 14.6 after 5 years. In 2012, they have reached the highest internationalization rate by supplying 18.1 additional markets on more than 3 continents to reach their goals.

The table below gives us insights about the details of their internationalization processes:

	Micro-entreprises	Petites entreprises	Moyennes entreprises	Moyenne des PME	«Born globals»
Part du chiffre d'affaires réalisé à l'étranger sur le chiffre d'affaires total	55,4%	56,6%	57,5%	56,2%	84,2%
Nombre de marchés étrangers après un an d'internationalisation	4,0	3,7	3,7	3,8	7,2
Nombre de continents après un an d'internationalisation	1,6	1,5	1,5	1,6	2,3
Nombre de marchés étrangers après trois ans d'internationalisation	5,9	6,8	6,4	6,2	11,5
Nombre de continents après trois ans d'internationalisation	2,0	1,9	1,9	1,9	2,9
Nombre de marchés étrangers après cinq ans d'internationalisation	7,0	9,6	11,1	8,5	14,6
Nombre de continents après cinq ans d'internationalisation	2,1	2,2	2,2	2,2	3,2
Nombre de marchés étrangers en 2012	8,6	16,7	27,1	14,3	18,1
Nombre de continents en 2012	2,3	2,9	3,2	2,6	3,3

Tableau 2: Chiffres clés de l'internationalisation

Source : BALDEGGER, R. J. (2013), *Swiss International Entrepreneurship Survey 2013*

We can highlight the fact that Swiss SMEs are very much oriented towards foreign markets, and are rapid to internationalize. Over a half of their turnover is made by their exports, with 93.4% of SMEs implanted in Europe, 49.2% in Asia, 40% in North America, 25% in South America, 21.2% in Australia/Oceania and 19.8% in Africa. By being small enterprises, operating in a small country, SMEs tend to look beyond their frontiers and take advantage of the international stage.

B. Type of research

In order to illustrate our research and propose answers to the issue of this thesis, we will realize semi-directive interviews of strategic members of the company Helvetiq, to understand their points of view regarding the complex challenges that organizations are facing when wanting to internationalize. We will ask them direct open questions that will allow us to collect data regarding different themes and let the respondents mention other significant facts. We will study the history of the company Helvetiq, and what led to its creation. The background of its founder and the current team will be analyzed to highlight the importance of the team in the company's creation and development at a national and international level. We will ask the respondents several questions regarding the history of Helvetiq and their roles in its development to understand better the managerial organization of this firm.

We will highlight the challenges of internationalization that this SME has been facing since its early stage until now. This will allow us to understand the current position of Helvetiq on the international market and what strategies were taken in order to reach their targets. We will develop a framework that will allow the respondents to give us answers regarding several situations that he has experienced, and share the issues and opportunities that he had to face.

We will focus on the entrepreneurial orientation of taking the decision to reach a wider public by implementing the products into external markets, and what were the purposes of this process. It is essential to understand the internal environment of the company to analyze its strategies in terms of internationalization.

Moreover, we will ask the respondents what are the challenges of being a small company and how does it affect their strategies in terms of organizational management and internationalization process. We will also focus on the innovation aspect of being a small company, and what are the drivers of their organizational innovation in terms of product development, internationalization and general management. The respondents will share with us the role of external institutions to support them with this process.

Then, we will focus on the institutions of Switzerland that were involved in their internationalization process. The respondents will be asked whether they benefited, or not, from any support from the institutions of Switzerland, and we will analyze their contribution to the development of this company. We will try to understand in which ways was this relationship helpful and how could SME benefit from public policies and external institutions.

At the end of the interviews, the respondents will highlight the aspect of intellectual property protection and the way they perceive it in the board games sector. As being a small company is a challenging process, they will illustrate the challenges that they had to face and which solutions they did undertake.

C. Sample and data collection

The company Helvetiq was chosen as I am personally doing my internship within this structure, which is particularly interesting, and was very inspiring for understanding the motivations and processes of internationalization. Our sample is constituted of two current members of the company Helvetiq. They have different positions in the company, and therefore have different points of views relative to the questions we will ask them. They both have a global understanding of the company's current situation and acted expressively in order to develop the company. We interviewed these two people in particular as they are in such positions that they will be able to give us insights on the questions that were asked. The objective was to be able to understand the several challenges that the company has been facing, the opportunities that she has taken, and which strategies were taken in order to help the company succeed. We also focused on their relationships with the institutions of Switzerland, and which feedback they were going to give us for our research. It was essential, to illustrate our research in a relevant way, to ask the CEO and Head of Sales of a small and medium size enterprise in order to understand their situations from the inside. Both profiles are aimed at facing challenges on a daily basis and their tasks vary from general and financial management, project management, production

management, product development and sales management at a national and international level.

As follow are the description of our two respondents:

- Interview 1: Hadi BARKAT, CEO and founder of RedCut Sarl, Helvetiq. Manager of a team of 8 employees at Helvetiq, since 2008.
- Interview 2: Jonas LEFRANCOIS, Head of Sales at Helvetiq. Manager of a team of 2 sales representatives at Helvetiq, since 2015.

The interviews durations varied from 40 minutes to 1 hour and a half, each interview was not conducted in the same environment and varied related to the respondents' knowledge and history within the company. The principal elements of our research were covered, and we even added one element of intellectual property as both respondents decided to talk about it in a spontaneous manner. Each interviewed followed a structured path, as the objective was to collect answers in a particular order. It was essential to ask open questions as we wanted to collect their vision regarding their experiences regarding the internationalization process of Helvetiq, and the several strategies that they personally implemented.

Therefore, the choice of doing a semi-directive questionnaire was relevant as it allowed us to give a freedom of action and collect qualitative and spontaneous answers. Moreover, the two respondents had different positions and therefore different approaches regarding the same topics, even though facing common challenges. Each individual is different and their level of commitment in the company varied, which is why the overall representations of their answers were different as they based it on different experiences and environment. Therefore, we sometimes had to re-formulate certain questions in order to collect the appropriate data for this research.

D. Measure of the variables

The collected data of these interviews are consistent together on several points, and vary from one question to another. We followed the same path of questionnaire and the answers were relevant to the years of experience and positions of the respondents within Helvetiq. However, the answers collected were sometimes limited by the experiences of the respondents and the knowledge they had on several topics.

In order to structure the collected data of the interviews we will present an analysis of each interview and we will highlight several elements related to the internationalization challenges of the company Helvetiq. We will use a methodology of transversal code, as the information within the interviews are not structured in an identically way regarding the respondents. We will do this by reading carefully the answers to analyze each element mentioned by the interviewed respondent to associate this element to a concept.

The unit of analysis in our case will be short sentences extracted from each interview that we will structure by themes and categories to identify the different elements that were mentioned by the respondents. The code will be presented as follow:

Theme 1: The Company Helvetiq.

- Category 1: The history of the company
- Category 2: The team and its influence

Theme 2: The internationalization process of Helvetiq

- Category 1: Challenges of internationalization
- Category 2: The strategies when being a SME at an international level
- Category 3: Vision of Helvetiq and mid-term goals

Theme 3: The drivers of innovation

- Category 1: The team and its influence
- Category 2: The need for differentiation

Theme 4: The impact of the support of external institutions

- Category 1: Institutions of Switzerland
- Category 2: The benefits of these institutions
- Category 3: The limits of these institutions

E. Horizontal data analysis

This next part is focused on the horizontal analysis of the collected data. The data is structured within Themes and under categories.

- Theme 1: The Company Helvetiq.
 - Category 1: The history of the company

The entrepreneurial discovery as a key element of success:

Interview 1: “Helvetiq exists because one day I was getting prepared for getting citizenship in Switzerland, and I couldn’t find anything to get ready for the test that did not feel like going back to school. Everything felt like textbooks stuff, and I wanted something more fun that I could use to learn while having fun, and practice with my friends. And I did not find anything, that’s why I created a game, it took me 15 month, 20 months, I can’t quite remember now. It was a hobby project really and I had the idea for it, I worked on realizing the first game, I hired people to do it, because I did not have the time and I did not think I could create it myself, I wanted someone with more experience. After 2 years of doing it as a hobby, it became a real topic.”

Interview 2: “Helvetiq was founded 8 years ago, when Hadi, the founder, wanted to pass his Swiss citizenship test and prepare for the exam. He created a game and he got very positive feedback. So, he started to think about publishing it, and it was a big success when he launched the company. At the beginning it was Swiss products, with books and board games.”

The network and connections that helped Helvetiq's concretization:

Interview 1: "...I brought a game designer so that he would tell us about how he designs games and then we started playing games. And I guess it was my only connection to the game business at that point. So, when I thought, Ok, I need something more fun, maybe a game, I immediately connected two dots: the need for a game and the fact that I knew this guy. So, I called him up, and we met, and we started brainstorming, and after five minutes I thought: This is really something that could happen. So, maybe if I had not known Sebastien, it would have been maybe different. " ; "In France, our obvious idea was to find a distributor. And thanks to networking, we were starting to talk to distributors."

Interview 2: "That is the first time the company went abroad, and it was mostly because Hadi had a friend in Belgium who was willing to do this project."

- Category 2: The team and its influence

The background of the team and CEO:

Interview 1: "I did my engineering studies at the Ecole Polytechnique of Lausanne, in Switzerland. I then worked in venture-capital for several years in the USA and Switzerland, and I contributed to the development of two startups in this sector mostly." ; "In Switzerland for instance, what I understand is that we live in a country that has the chance of being multilingual, where you have the most immigration in Europe, where there is very high level of education, and so, we are able to have people in our team that have this background that when we make Global ingredients with Swiss design."

Interview 2: "I did a Bachelor in Business Administration in Montréal, and then I did a master of international commerce in Seoul National University in Korea. I also did an internship for 10 months as a sales representative for a board game company in the US. So, my background is business and trade that relates to the sales part of the job. For the games industry, I did one internship that brought me into it, and when I was a kid I was playing board games, not especially a lot, but I even tried some geek activities like figurines war games. So that helps a lot for understanding the market."

- Theme 2: The internationalization process of Helvetiq
- Category 1: Challenges of internationalization

The opportunities of penetrating foreign markets:

Interview 1: “On top of that, the Swiss market is so small that sometimes, it has crossed my mind that we put so much work, on one game, and then we only have the Swiss market, to make the return on investment. Whether if you would do the same game, but for the US market, you would get much more of it.”

Interview 2: “At that time Helvetiq had games that were not Swiss specific, then, going abroad was easier and appeared as a big opportunity. It also needs to produce a bigger amount of games and the development goals of the product are the same, so, you can actually sell more products and make it more profitable regarding to the time and money that you invested on it. You can reach big economies of scale, and reach bigger markets as well.”

Finding and choosing the right partners when going global:

Interview 1: “And to this day, it is still a challenge, when you meet somebody who is interesting in distributing your games, to know whether they are a good fit. In the beginning sometimes you cannot chose. You know you have one partner for a country, and you have to, of course, study the partner, discuss and analyze it. But, in the end, you never know whether it’s going to be what you really expect.” ; “I see it as a game, at the end of the day. It’s actually funny, we are in the game business, and this kind of process of finding distributors, going forward with some of them, stopping with others, is a bit of a game.”

Interview 2: “Some of the early challenges are mostly finding distributors, so, you have to find your partners, which can always get tricky. Especially when you have multiple choices, so you need to find the right one. That’s a big challenge.”

Understanding the different markets’ needs and adapting the strategies to it:

Interview 1: “And other challenges include, for instance in the beginning, trying to realize the potential, so you cannot extrapolate. You can’t look at your numbers in your home country and think that France is 8 times bigger, 10 times bigger, that doesn’t work like this somehow.”

Interview 2: “When you start to go international, and even when you keep going abroad, it’s still the same challenge. There is still also knowing what are the usual margins, and other conditions. Also realizing that not all the countries have the same purchasing power so you need to adapt your prices and sometimes cut your margin.”

- Category 2: The strategies when being a SME at an international level

The advantages of being a small enterprise:

Interview 1: “Being a small company enables us to move very fast, we see opportunities at a much faster pace.”

Interview 2: “The other advantage we have is that, as we are a small company, working all together in an open-space, we don’t suffer from a strong hierarchy that slows down the flow of information.”

The disadvantages of being a small enterprise:

Interview 1: “We are a bit doing it like learning by doing, and sometimes I feel like more established companies, they have done it ten times already.”

Interview 2: “Then, our disadvantages, are a lack of organization and a growth that is fast. As a result, pressure on resources, which is probably the result of prioritization.”

Adapting the organizational management when facing a fast growth:

Interview 1: “And I was explaining that we try to plan things, but if there is an opportunity, we still almost have the obligation to take it. And it pushed us sometimes out of our comfort zone, but that is also when we need to innovate as an organization, not to observe only the products, but the way we make them.

Interview 2: “And the challenge we still face now I would say it’s more a challenge of suddenly getting to work with 12 countries, is to manage to stay on top of it, it means having a bigger production and it’s a lot of administrative work and getting well organized.” ; ““The last challenge is the fact that we are Swiss, we are a small country, so orders from another country tends to be big related to the size of the market...; a big partner in the US might want to order 3000 or 4000 which is actually even more than what we produce for us. So, the risk is much bigger, and you need much more cash flow, it is suddenly very big.” ; “So, we did not innovate yet, but there are some aspects that got updated. We have feedback from our partners and now we need to push more to have feedback within the company as well.”

Positioning the brand and products in a unique perspective:

Interview 1: “We don’t wake up in the morning thinking about competitors. The market is big enough. What we are trying to do is to come up with very specific branding and positioning. I feel like our branding, of targeting casual gamers, with really good design, is unique on the market. Even on the international level.”

Interview 2: “It’s a market where you compete on price of course, but the product differentiation is pretty important as well. As long as a product is different, you can possibly find a partner, and also you can be more reactive than bigger ones maybe. That’s what we are trying to do.” ; “The advantage of Helvetiq, I would say, is the graphic design of the games. It’s the biggest advantage. The second advantage that we have is that we are in the Swiss market and we have some best-sellers, so we have now a very nice distribution network in Switzerland.”

The risks of production when going from a small market like Switzerland to an international stage:

Interview 1: “For instance, this year we are selling much more games internationally than ever, we have to produce 60 000 Matchbox games at once. So, there is a risk of error, there is a risk of financing, of working capital, because we’ve received a lot of orders but we have to get the money in and pay the manufacturers. And, it’s potentially very good, but there is always a risk there.”

Interview 2: “Our development goals are not that risky because we don’t have to invest too much. It is more a matter of time investment, and a bit of money when we go to tradeshow, but we will go there anyways, because it’s Europe and the USA, and we have key partners there.”

The relative little importance of property rights in the board games industry:

Interview 1: “Intellectual property doesn’t really exist in games, because often it’s so easy to make a game that is just slightly different. I recommend people not to spend money on protecting their intellectual rights here.”

Interview 2: “In general, the amount of money involved in a law suit are too high compared to the value or the profit generated by games. So, at all levels, our games are not protected and in general, they are protected by just being what they are.”

- Category 3: Vision of Helvetiq and mid-term goals

The definition of market penetration strategies to increase the sales volume and brand recognition abroad:

Interview 1: “We would like to develop France, Germany and USA, very well. We believe these three markets are the most important ones. And so, in these markets we are going to invest more. We might have ambassadors, we would like to do more marketing, go to more fairs, and establish the brand and the product.” ; “In other markets, we would like to find good distributors to work with, to let them handle everything.”

Interview 2: “Number one for the mid-term challenge is definitely Germany, France and the US, Number two is to reinforce our relationships with the partners, and then eventually Korea, which is relatively developed, and then some other small countries.”

Strengthening the existing relationships with key partners:

Interview 1: “Also, work with solid distributors and try to build strong relationships. In other markets, we would like to find good distributors to work with, to let them handle everything.”

Interview 2: “So, to reinforce the relationships with our distributors and retailers, expand the range of products that they carry, and help them develop our brand in their country. Also, increase the volume, because we are now present in most markets that are big on games.

- Theme 3: The drivers of innovation
 - Category 1: The team

The ability to manage multi tasks in a small enterprise to be more efficient:

Interview 1: “But, to me, it’s really important to hire people who I think have the potential to learn and to evolve and maybe do different jobs, and contribute and be curious. I value this a lot.”
; “In the long-run, sometimes we might need someone who is very specialized in something, but in the beginning, in a small company, you need polyvalence. I would like to keep our creative and innovative quality, now, even if we are 20.”

Interview 2: “The other advantage we have is that, as we are a small company, working all together in an open-space, we don’t suffer from a strong hierarchy that slows down the flow of information. We always collaborate and are able to resolve problems faster, and also come up with new ideas when brainstorming altogether.”

The multicultural advantages of the team:

Interview 1: “I like local but I always think global. I feel that with my background and the background of the team, which have been to many countries and speaks many languages, it feels absolutely natural for us to be making a game in Icelandic.”

The core values that are part of the DNA of Helvetiq and influence its innovative spirit:

Interview 1: “We have established core values, that we greed up on in the team. These are the fundamentals, being curious, being ambitious, being resourceful, having a sense of humor, these are the soft skills. And then it depends on the role, but I always look at the potential of the person too.”

Technology in the board game sector as an innovative way to differentiate:

Interview 1: “People in the company, and then technology. If you develop an app that you can combine with traditional games, it could be a really difference. And well, technology is developed by people.”

- Category 2: The need for differentiation

The special design of the games as the competitive advantage of Helvetiq’s board games:

Interview 1: “We created the design for our games, we did not create our games to respond to some needs. We did not do any market research, we just created ideas and we try to have a big hit rate.”

Interview 2: “The main driver of innovation would be Hadi, because he’s the one who has ideas or receives ideas from the outside. I would say that now in terms of innovations and new ideas we are established in Switzerland, and we have a design that is appealing to people who like design.”

- Theme 4: The impact of the support of external institutions
- Category 1: Institutions of Switzerland


The SPECo support from the Canton de Vaud to help Swiss SMEs to develop the exports:

Interview 1: “We received the SPECo support from the Canton de Vaud, that’s the only public support that we got. It helped us for participating to tradeshowes abroad but also to develop the French market by having an ambassador there. The way SPECo works is that we had to file a business plan few years ago, and go to stages of selection.”

Interview 2: “That was very big, as it allowed the company to do twice as many shows and to test some shows we would not have gone otherwise, as we really care about the return on investment and it was the first time we were going there.”



The PERL price:



Interview 1: “We received a price, in Canton de Vaud, which is called the PERL price, where we won 10 000 CHF. It was a contest of business plan so you could also include that in the supports we had. As a result, as part of that price we received coaching opportunities, by other companies and organizations, public and private coaching.”

Interview 2: “In May, I attended the PERL (Price for Entrepreneurs from the Region of Lausanne), which is a contest between startups and SMEs to get a financial and structural help for this Canton. It is a very interesting event and we discussed about the global situations of companies in Switzerland.”

- Category 2: The benefits of these institutions

The financial support:

Interview 1: “The SPECo helped us to be more ambitious, clearly, and take more risks sometimes, without putting everything from our pocket. For instance, in terms of tradeshow, this year we did six tradeshow, in a normal situation, you don’t do that, because it’s too much money to invest, at once.” ; “Some of them, we shouldn’t have done but at least we didn’t pay everything out of our pocket and now we might not go again. So, it was good to test that when we were having subsidies of 50%. For the French market, same thing, we would not have hired Sophie as an ambassador without that support.”

The organizational and legal support:

Interview 1: “So, when we were negotiating the deal in the USA, I met with a person, she gave me advices, she is a senior person who has seen many deals like this, and it helped us in the negotiation. She recommended a lawyer in the USA, and we hired that lawyer and that lawyer was very reasonable in terms of price and very good in terms of advices as well. I thought that very small contribution for this external party helped us. “

Interview 2: “Except that there are some structures and institutions available to help companies in their internationalization process. To answer questions, for instance if you have questions regarding exports processes, you can contact them via the economic branch of the government and they will directly answer your questions.”

- Category 3: The limits of these institutions

The coaching support:

Interview 1: “But I have to say, I don’t want to be un humble, but the coaching was not bringing us much. I tried it out of courtesy, sometimes I felt that I had more experience than the people that were trying to coach us. Very often when you look at public support to innovation, the people who work in these things, have no experience themselves, they are former bankers, or former consultants, or other, and they have never done what you are doing.” ; “Very often, this kind of support comes from very good intentions, but very bad execution, not only in Switzerland but in all countries.”

The Research and Development support:

Interview 2: We don’t use too much external systems to innovate in terms of products, and then in terms of market research, we never used or did it. It’s also part of our DNA, not to function in that way, to stay as creative as possible.”

The collected data is relevant to the previous academic studies that were realized. We can see similarities between the theories that were evoked regarding the internationalization processes and patterns, the entrepreneurial discoveries as key elements of businesses’ development, and the impact of the support of institutions in the development of SMEs. In this case, the CEO and Head of Sales of Helvetiq had a good understanding of the subject and were able to give us insights about the studied topics. There were both involved in the development of Helvetiq and has previous experiences that led them to acquire a specific knowledge regarding the international markets penetration. Moreover, they each had different points of views, as we can see that Jonas LEFRANCOIS, Head of Sales at Helvetiq, had an approach that was closer to his daily

tasks and involved quantitative data and strategies' definitions. Hadi Barkat, the founder of Helvetiq, gave us an approach that was closer to an entrepreneurial point of view, as he created this company and evolved within it on a longer period of time. Moreover, his approach was more personal and allowed us to understand this business from the inside.

However, our research showed several limits as we were unable to collect the perceptions of other respondents. The company is currently hiring eight employees, which are mostly dedicated to Administration, Graphic Design and Project Management. Therefore, their tasks and responsibilities at Helvetiq were not relevant enough to question them about the internationalization processes of Helvetiq. As being a small company facing organizational challenges, Helvetiq has suffered from a high turnover over the past six years and it was difficult to collect data from employees that had worked in this company in the past.

Moreover, the collected data is relevant to the case study of the specific sector of the board games industry. The same questionnaire, if applied to another industry, might collect entirely different data. The issues would not be the same if applied to a startup in cosmetics, a SME developing high technology software, or another SME producing shoes with wool imported from Nepal. It is also essential to state that this study is particular to the case of Switzerland, and its internal institutions, which, again, vary from a country to another. We especially chose this case as this country is particularly involved in supporting the development of its Small and Medium Size Enterprises. Financial or organizational supports are not available in all countries of Europe, and their functionalities are always different.

IV- The results.

In our empirical study of Helvetiq, we have highlighted several points that are consistent with the theories we analyzed in the first part of our research. It also showed us several limits that we will illustrate. We will then discuss the results as follow:

First, the public policies and institutions developed by Switzerland in order to help SMEs pursue their development goals, have been a substantial help for the company Helvetiq in terms of financial support and export possibilities. The Canton de Vaud has developed efficient organizations that act in favor of the development of startups and SMEs, on their national territory and beyond their frontiers. Moreover, the types of assistance are numerous and the CEO of Helvetiq, Hadi BARKAT, helped us understand the relevance of such support for its company.

Then, our respondents highlighted the importance of the entrepreneurial discovery as the core element of success of Helvetiq. They gave us insights about the managerial orientation of Helvetiq, its core values and the ways in which it influences its international culture. Moreover, the internationalization strategies of Helvetiq appear to reflect the born global pattern that we analyzed previously. Consistent with these strategies, Helvetiq developed a strong competitive advantage based on product differentiation, which we will explain further.

Finally, on top of the entrepreneurial innovation that defines this small enterprise, the networks and connections that it developed played a key role in its internationalization process.

We will also use our knowledge of this company from our internship position since January 2016, in order to offer a wide view and understanding of Helvetiq and its environment, to finalize our global research.

A. Regional policies financing and supporting the projects

In this first section, we will analyze the impact of the Swiss institutions on the development of Helvetiq, in Switzerland and abroad. All institutions tend to help SMEs in different ways, and we will tend to discuss whether this goal was achieved, or not, with the company Helvetiq.

a. At a national level

The Service de la Promotion Economique et du Commerce, also known as SPECo, (literally the Service for Economical and Commercial Promotion) is an institution from the Canton de Vaud in Switzerland that responds to the needs of all economic actors in terms of project creation, development or implementation. There are several financial aids that can be allocated to Swiss SMEs for:

- Innovation support: The acquisition of property rights, development of a new product or of new manufacturing processes or the acquisition of approvals.
- Commercialization and internationalization support: The participation of trade shows or the development of the company in new markets.
- Investment support: Security deposit for loans or the reimbursement of part of a credit.
- Training support: Employee's training in scientific or technique studies, or in sustainable development.

SMEs can be affected by their small character, and are less likely to invest at the same range of larger firms. However, they are key actors of the economies and their development is essential to raise the standards of living, reduce poverty and develop technologies. They are creating numerous jobs, and it is essential for public policies and institutions to support them in this direction. Therefore, such financial or organizational support from Switzerland highlights the entrepreneurial character of this country, which has had a prosperous economy since decades.

As an example of this support, Helvetiq benefited from an innovation financial help for its game “Pictolingua”, in order to develop an app that will be an extension of the game. This game aims at learning 50 words in 5 different languages, and is an educational game of memory. To extend the added value of this game, developing an app that will allow the users to learn more words and add a digital performance to a board game, is a differentiation that will allow Helvetiq to reach a wider public. As mentioned by Hadi BARKAT, the SPECo helped the company finance the project up to 50% of its investment. It allowed Helvetiq to make more profit, and invest it into other projects. It was a great help for the company, and allowed the company to be more ambitious.

Even if, as M. Barkat mentioned it in its interview, he would have done it anyways, benefiting from such support was definitely a push for Helvetiq to be more technology-oriented and to take bigger risks. Moreover, to allow the company to reach higher goals, Helvetiq took part in a business plan contest in 2012, organized by the Canton de Vaud. It earned 10 000 CHF through the PERL Price (Price for Entrepreneurs of the Region of Lausanne), and it helped the company to pursue its development goals. The PERL Price is an important event in Switzerland, organized through a TV Show, and can help SMEs increase their visibility in Switzerland, and outside their country by being able to conduct more projects with this financial support. In its interview, the CEO of Helvetiq mentioned that, apart from the financial aspect, this participation was a great opportunity as it forced the company to write and develop a 5 year business plan. In small companies, it is usually hard to straight fully design guidelines of development, and follow them. It helped the company, and team, understand its long term vision and create strategies in accordance.

Being rewarded for their work, is a great factor of motivation for entrepreneurs, and both the SPECo and PERL organizations understood it. All SMEs that apply for these supports must follow the applications frameworks that enable them to shape their organization and strategies. Only the most promising projects are selected, and can benefit from this support.

If the Swiss institutions develop several supports for SMEs development in their national territory, they also act in favor of their internationalization process.

b. At an international level

As M. Barkat explained it, the SPECo helped him to be more ambitious, and to take more risks. Small companies face harder obstacles when wanting to push their development beyond their frontiers, and the support that the SPECo is providing, definitely helped the company Helvetiq to increase its brand recognition worldwide.

Helvetiq benefited from two types of funding from the SPECo:

- For every tradeshow where Helvetiq participated as an exhibitor, the SPECo would reimburse half of the expenses.
- To develop Helvetiq in France, the SPECo paid for half of the investment made by the company by hiring an ambassador.

As a marketing and sales strategy, Helvetiq always participated in tradeshows since its creation. It is a good way to increase its network, find strategic partners, and increase its sales volume by reaching a wider public. However, tradeshows are an expensive investment, as they involve several costs such as: booth booking, transportation costs, and employees extra working hours involving food and hosting costs. Therefore, Helvetiq was not able to participate in most of the strategic tradeshows worldwide every year, as the costs would have been too important.

Thanks to the SPECo support, the company participated in more than 6 tradeshows outside of Switzerland, in 2015 and 2016. It attended several key events in the board game industry such as: New York Toy Fair, Nuremberg Toy Fair Spielwarenmesse, Schone Bescherung in Munich, Show Up Amsterdam, Maison et Objet in Paris, Museum Connection in Paris, and several others.

For each tradeshow, the company has to plan a budget and submit it to the SPECo, which then decided to agree to reimburse half of the total costs. After its participation, Helvetiq submitted them a report of the event and received the financial allocation.

By attending these tradeshows, Helvetiq has reached several goals for its international development:

- The development of its brand recognition worldwide by reaching a multicultural public.
- The identification of potential partners in the United States, United Kingdom, Greece, Italy, France, Netherlands, Belgium, Spain, Lebanon, South Africa, Morocco, Taiwan, Korea, Japan and other strategic countries.
- The creation of a partnership with a distributor in the United States, which led to a bigger production of games and the certifications of the selected games for the US market.
- Data collection of more than 200 contacts worldwide, such as potential retailers, illustrators, designers, manufacturing firms, agents etc...
- Discussions with manufacturing firms in Europe and Asia to analyze their prices and quality for future reproduction of the games.
- Partnership and licensing proposition of Michelin in the United Kingdom for a potential co-branded game "Grand Tour Europe".
- Direct orders from retailers in Europe, Asia and Oceania.

Participating in such events was a real push for Helvetiq, and helped the company create stronger relationships with its potential and current partners. The SPECo initiative was defined as "amazing" by the CEO of Helvetiq, as it gives entrepreneurs the opportunity to participate in more tradeshows, but it also helps them to choose the right ones, as the company still has to pay for 50% of the expenses, and therefore should not participate in events that will not be relevant enough to their internationalization strategies, or industry. The company had the opportunity to participate to events where it did not go before, and analyze whether it was worth the investment for future participations.

Thanks to the SPECo, Helvetiq reached its goals, and had the chance to take unexpected opportunities, such as a direct partnership with a strategic distributor in the United States starting in April 2016.

On the other hand, Helvetiq benefited from a second support for the SPECo, for hiring an ambassador in France. The French market is bigger than Switzerland, and all the games of Helvetiq

being available in the French language, there was a need to develop tailor-made strategies for entering this market. Helvetiq already has a distributor in France, with whom it has strong relationships, and adding an ambassador to handle the press-relations and the media coverage in France helped Helvetiq to reach several objectives, as follows:

- Thanks to her network, the ambassador of Helvetiq in France, Sophie Foriel, developed strong relationships with Helvetiq's distributor and current retailers, to place more products and propose new ones such as "FrancelQ", coming in winter 2016.
- The games of Helvetiq were referenced at Oxybul, a French company specialized in the games industry for kids. This company is a reference in France and such opportunities are very positive for the brand recognition in France.
- The "Matchbox Collection" games were in the Christmas catalog of Nature et Découverte in 2015.
- The games of Helvetiq will be present at the "Boutique Noire" of the famous "Printemps" of the Galeries Lafayette in Paris, Boulevard Hausmann, during December 2016. Being able to reach that unique selling point will ensure Helvetiq higher volumes of sales for the winter 2016.
- Helvetiq was mentioned in more than 30 Medias in France, ensuring a wide media coverage during the years 2015 and 2016.

The company was entirely satisfied by the work done by M.rs Foriel, and is already seeing the benefits of such collaboration. Without the support from the SPECo, the CEO of Helvetiq mentioned that he would not have hired an ambassador in France at the time, because the company was still at its development stage and could not risk to invest too much money in a short period of time.

By putting together several actors, and selecting Helvetiq to benefit from a financial support, the SPECo reached the objective to help this SME in its international development. As we saw it previously with the Smart Specialization project, selecting several areas of intervention, or several companies, can be a major help for their development.

c. Limits

The limits that were highlighted by the CEO of Helvetiq are on an organizational support perspective. Thanks to the PERL prize, Helvetiq was offered coaching sessions with professionals, to help the company develop a structured business plan and a mid and long term strategy. However, when participating to these coaching meetings, M. Barkat had the feeling that the teaching was about writing a business plan, while the company already had customers and was already working on its own. He expressed that the advices given were too broad and theoretical, while the company needed useful advices for its current real challenges.

The background of the coaches not always matched with the entrepreneurial aspect of the company, and its needs. The lack of experiences of the coaches in the board games industry led M. Barkat to give up these coaching sessions as he analyzed that they were not bringing much added value to the company. Such support comes from very good intentions, but often results in bad executions, as he mentioned. The persons that were working as coaches were former bankers or consultants that had no experience of being entrepreneurs, and therefore were not able to put themselves in the situation of M. Barkat, and deal with all types of challenges.

We will further analyze the entrepreneurial orientation of a company, and its impact on its development.

B. The entrepreneurial orientation of the company

Helvetiq was created by Hadi Barkat, after discovering that he could not find any fun and educative manner to study Switzerland and prepare for passing his citizenship examination. The entrepreneurial discovery is part of the DNA of this company, and through the years, it has kept this character by developing products without conducting any market research but by feeling a personal special need or idea. Its team and partners were chosen carefully to fit this creative vision.

a. The team and knowledge management

The CEO of Helvetiq has as a core objective to hire people that can adapt themselves to deal with different challenges, as working in a small company with an international environment facing daily challenges. He is looking for curious and ambitious people that act proactively for the success of the company. He has implemented core values to follow Helvetiq's vision: being curious and bringing new ideas, being ambitious and looking beyond the limits, being resourceful and having a sense of humor. The management at Helvetiq is based on trust and collaborative work, and Hadi Barkat tries to provide a creative work environment, appreciated by its employees.



Thanks to our research, we can see that all employees of the team at Helvetiq have a high multicultural background. The vision of Helvetiq is to use global ingredients with Swiss design, which perfectly represents the various personalities of its team. The fact that each employee speaks many languages and has traveled the world is a core advantage for developing products, and translating them into different languages. It allows the company to double-check by itself the rules translations, for instance before launching a new printing production to avoid spelling mistakes. The team acts local, but thinks global. All members of the team are

involved in the project's and products' development, which increase their commitment to the company, and increases as well their productivity.

By allowing all its employees to propose new ideas and sometimes radically change their daily tasks to the development of a product, Helvetiq's working environment embraces creativity to be able to offer innovative ideas and concepts. By working in an open-space, altogether with open offices, the company does not suffer from a slower pace of information and can communicate directly. Moreover, the employees do not suffer from a strong hierarchy as they are welcome to express their opinions and share their ideas. The team being its main driver of innovation, as mentioned by Hadi Barkat, it is essential for him to hire people with high potential that are likely to discover new perspectives and embrace them for the wellness of the company.

b. The products innovation and positioning.

With this core creative character, Helvetiq has been able to offer new products that are unique on the markets. The game market is very competitive, and the key players such as Ravensburger or Mattel are very hard to compete with. However, Helvetiq offers games with a special and original design that have no equivalent. Its games are either Swiss-oriented, and match an educational aspect with a Swiss design, or can be played by anyone in the world, as they do not require a particular language to be played.

For instance, its "Matchbox Collection" is a collection of 6 games that have different levels of difficulty. All the games have no words written on it, and can be played visually, involving speediness and tactics techniques. These games have a particular design as they are giant matchboxes, and are played with matches' substitutes. At first glance, their design is very appealing, and the cards and tokens inside of the box have the same effect on its customers. Moreover, they can nearly be sold worldwide, as the rules are translated in more than 12 languages.

The board game market is a market where price differentiation is important, but the product differentiation is what makes a company succeed or fail. Helvetiq's strategy is to keep a very strong branding and positioning to offer original products to casual gamers. The design of the games is rather minimalist, and sparkles the interests of the public by being different than the random board games boxes that we can see in any shops. The games mechanics are also unique, and can seduce the casual gamers or design lovers, by offering different levels of complexity.

As we analyzed it previously, it is essential for a SME to pursue a strong product differentiation to compete with larger competitors, and Helvetiq's success is its illustration in the board game industry.

c. The internationalization process

Helvetiq has different commercialization strategies for the Swiss market and the international ones. In Switzerland, Helvetiq has built a strong qualitative network that works without intermediaries, allowing the company to save costs by reaching higher margins on the products. The sales are also done directly via the Helvetiq website, and municipalities or private companies usually use this channel to order products or corporate gifts. The titles of Helvetiq are available in all Switzerland through many retailers, from the top-well-known brands to the local libraries of small cities.

Those retailer have all been convinced thanks to the growing notoriety of the products from Helvetiq, and the raising interest from the media and the public to learn more about those products and try them. Moreover, the quality of the service given by the company's team, to follow deadlines, constantly develop new products, or handle an efficient logistic process, are all reasons for having built strong and sustainable retailing contracts.

The cumulated revenues of the company since its creation overcome CHF 15 million, which have not needed more than CHF 10'000 per year in marketing campaigns. This success can be explained by:

- The rich and various media's coverage obtained by the launching of original products and the storytelling behind each.
- The use of marketing tools such as the social networks, mobile apps and Google AdWords, which did not require costly investments.

On the international market, Helvetiq relies on local partners, such as Chronicle Books LLC in the USA, Chronicle-Abrams and Turnaround in the United Kingdom, and Ars Ludi and ABC Soft in Belgium. Those partners are all strategic retailers and distributors that have proved their success within their territory, and abroad, in the past. In France, Helvetiq distributor's is one of the key players in the games market. Products are systematically well studied and re-designed in order to fit this market's requirements thanks to a strong co-operation between the two companies.

Helvetiq's goal is, at medium and long term, to be implanted in all continents. The implementation processes on new markets are as follows:

- Local distribution of the Helvetiq products.
- Creation and adaptation of the products for partners, via orders and co-working.
- Licensing agreements.

Helvetiq can be defined as a born-again global, as it focused its first efforts in succeeding within its national territory. After two years, it started its internationalization process by creating partnerships with Belgium and adapting one of its games for this market.

Currently, Helvetiq focuses on the French, German, Estonian and American market. Thanks to its numerous participation in tradeshow, it has encountered key strategic partners that have become its distributors after long hours of negotiation. As expressed by Jonas Lefrançois, Head of Sales, it was hard to find good partners, but thanks to an accumulated experience of partnerships, Helvetiq was able to define its needs and pick the right ones. Its main objective is to develop strong relationships with its distributors and work in co-operation. As an example, for the

Estonian market, Helvetiq has worked in translating the titles of all the games of its “Matchbox collection” in Estonian and Finnish, as proposed by the distributor. These languages being different than the Latin ones, they raised the question that a product would rather be appealing if being adapted to this market. The rules were equally translated in 6 additional languages. For the American market, Helvetiq will be developing an American edition of its game “Grand Tour Europe”, and its bestseller “Beer Hiking Switzerland” which will become “Grand Tour USA” and “Beer Hiking California”. These projects require additional work, as the company defined at the beginning of the year a timeline of projects to be pursued, and did not had at the time this challenging opportunity for the United States. Developing such products is a challenge worth the investment, as the games will be developed in cooperation with their distributor, and will most probably allow the company to reach higher volume of sales. In France, Helvetiq and its distributor are constantly working together on the development of products by testing them, giving feedback and recommendations on the games mechanics and design.

For its internationalization process, Helvetiq has developed design games that allow the company to make several changes by translating the rules into several languages, or by adapting the products to another country or continent. It has succeeded in choosing the right partners over time, by learning from its past experiences and privileging cooperation.

d. The importance of the network

Helvetiq’s success in the first place was because of a crowdfunding campaign in 2008, made through emails. Hadi Barkat emailed its friends and relatives about its first creation: the game Helvetiq, and asked for their financial support to cover the costs of production. This campaign became suddenly viral, and the press started to be interested into this man that developed a game about Switzerland. M. Barkat took the advices of his friends working in Public Relations, to let the press tell his story, and let it fly. When Helvetiq came out of production, he already had hundreds of orders, and could not believe that this hobby project at once, became a real interest for the public, and led to the creation of a company.

Over time, M. Barkat recruited key partners that already had experiences in working as entrepreneurs, to help him structure the company and establish solid basis. He decided in 2010 to export its game “Helvetiq” to Belgium, thanks to one of his friends that was tempted by the idea of offering the same game to the Belgian public. By working in collaboration with his friend, the two men developed a tailor-made game that was also a success in Belgium. M. Barkat would probably not have made this early internationalization decision without the support of his friend. Its network was at the time its main driver of internationalization.

As this first step was a success, he started to internationalize and to develop strong partnerships with distributors worldwide. However, finding the right partners is a difficult step, but Helvetiq is also learning by doing, and did not make twice the same mistakes.

Thanks to the Swiss institutions, Helvetiq benefited from coaching support, which showed several limits, but also from another type of support for its distribution agreement with the United States. When negotiating the terms of distribution with its partner in the US, the company did not feel comfortable doing on its own such an important contract. Thanks its network, it was put in contacts with an institution in Switzerland that recommended it an experienced lawyer. This support was very helpful, as it allowed Helvetiq to write an adequate distribution agreement, with the needed legal terms that the company would not have been able to define with such details.

Moreover, by participating to several events and tradeshow in Switzerland and abroad, Helvetiq has developed a wide network that allows the company to face its challenges by asking for help when needed. As an example, for administrative matters, Helvetiq has two different partners in France and Switzerland, that help the company deal with legal and administrative issues, and these contacts are always available to respond to any questions.

When being a small company, having a developed network is a real added value for the company, as it helps the employees deal with challenges that they have not experienced in the past. Helvetiq has focused on choosing the right partners overtime, and the success of the company can be explained by this strategy, as it restrained the company to take the wrong decisions by asking for help and information. By having strong relationships with its partners, instead of competing against each other, Helvetiq and its distributors work together on the international

stage to increase its product differentiation and reach higher volumes of sales. This cooperation is a key advantage when being a small company that tends to compete with larger competitors on international markets.

V- Conclusion.



Swiss SMEs are exposed to new opportunities thanks to internationalization, a driver of growth and organizational development. We based our research on analyzing the factors that affect SMEs in this process from an academic base to a case study analysis of the company Helvetiq. Most of our results confirmed our theories, however, we also found some limits to our hypothesis.

The rapid international expansion of the Swiss SMEs highlights the fact that the company Helvetiq is not an excluded case, and that numerous SMEs follow the same goal of implementation into foreign markets. The Swiss institutions, from national to regional organizations, were a real support for Helvetiq and helped the company to develop its brand recognition outside of the small market of Switzerland. Thanks to specific financial support, this company embraced several opportunities at an international level that are already influencing its development in a challenging positive way. However, if the CEO of Helvetiq considered these institutions useful and efficient, this point of view differs from other SMEs in Switzerland.

The Swiss International Entrepreneurship Survey of 2013, highlighted that such institutions have their limits, and do not always bring the required help to the entrepreneurs in need (BALDEGGER, 2013). Moreover, the networks of professionals that they tend to develop appeared to offer several advantages that can be useful in some cases, and criticized in others. The commercial chambers, banks, consulting firms and Canton's organizations are advised to re-define their strategies to adapt them to the real needs of the Swiss SMEs and entrepreneurs. In few cases, the institutions of Switzerland were perceived as not fulfilling the expectations of their entrepreneurs, and not willing to support them with an adequate framework. In this post-crisis European situation, many European countries are still in the path of recession. The internationalization of Swiss SMEs, in various sectors, is directly affected by this factor, and by the fact that the Swiss Franc remains stronger than other currencies. In this context, entrepreneurs would more than ever require support from national and international institutions that must evolve rapidly to respond to the needs of globalization.

In our research, we highlighted the importance of the network in the development of SMEs, and realized that the personal and formal relatives could become key partners and forces in the internationalization process of a firm. SMEs have to adapt themselves faster than ever to the globalization, and sharing their knowledge could lead them to develop key competitive advantages. In this perspective, the project of Smart Specialization proposed by Dominique FORAY could be an efficient way for national and international institutions to re-design their frameworks and act in favor of a cooperation of actors. Our hypothesis were confirmed by the case of Helvetiq, which, thanks to strategic cooperation with partners in France and the USA, has been able to develop tailor-made products and reach higher volumes of sales. By working with board game distributors and publishers, Helvetiq is not competing against them, but with them, in a win-win situation that benefits both entities. Due to their geographic expansion, SMEs have to face numerous challenges, and each market being different, they have to adapt themselves and define strategic goals and targets with their key partners in order to compete.

Moreover, we also found some limits to the cooperation of various actors. Compared to large firms, SMEs are less likely to invest in property rights, as it is a costly investment, and usually benefit from their innovate concepts as barriers to plagiarism. By developing a strong brand recognition in several markets, competitors are less likely to copy their products as they are already know on the market on behalf on one specific brand. However, it does not stop every competitor from trying to steal or adapt an idea. In the case of Helvetiq, a cooperation on a product development with one of its distributors turned out to a betrayal, and the launch of a similar product by this distributor on its own. Helvetiq decided not to go further into getting back its original idea, as it would have been a costly process without any guaranteed benefits. In the interviews we conducted, we analyzed that one of the biggest challenges that SMEs are facing when internationalizing, is to find and chose the right partners, as such collaborations are very likely to define the company's future development.

Furthermore, the international entrepreneurial orientation of SMEs leads them to implement fast or gradual internationalization, and tends to be influenced by the background of

entrepreneurs themselves, and of their team. In the case of Helvetiq, our research confirmed our questioning, that benefiting from such a multicultural environment helps the company to stay competitive and to adapt its products to new markets. By developing such an international environment within its offices in Switzerland, Helvetiq has been able to develop its competitive advantage by offering unique products to the international stage. Being a small company, in that case, is a key added value, as co-workers are able to share their ideas, exploit new challenges and especially, act local while thinking global.

Our heritage of thinking has tend to make us believe that SMEs are at a temporary stage before growing to reach their target of becoming large firms. They are particularly dynamic and have to face numerous challenges to survive, especially in their internationalization process. However, with SMEs being so innovative and embracing globalization, staying at the SME stage and taking advantage of the benefits of being small, could become a new strategy for entrepreneurs, which, in the end, might not necessarily need to grow.

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VII- Annexes.

1. Interview's Questionnaire.

Q1: What is the story of Helvetiq and which part did you take in it?

Q2: What is your background? Does it has anything related to the game sector or not at all?

Q3: What challenges did you face in the early stages of internationalization process? What are the ones that you are still facing today?

Q4: What strategies did you adopt in order to be able to compete with larger competitors at an international level?

Q5: What are your development goals at an international level at a mid-term vision? Would you consider them risky?

Q6: What would you say were the qualities and the disadvantages of Helvetiq compared to bigger firms that you had a face as a small company?

Q7: Who took the decision to develop Helvetiq abroad, and for what reason, and when?

Q8: In your opinion, what is your main driver of innovation?

Q9: How would you describe your organizational innovation in terms of risk-taking and export market opportunities?

Q10: Which kind of companies, universities or institutions have been important for you in terms of partnership in order to internationalize and/or innovate?

Q11: Did you benefit from public financial support? To what did it contribute?

Q12: Would you have been able to pursue all your projects without the financial support from the SPECo?

Q13: Did the public policies of Switzerland help you to internationalize or were they a barrier?

Q14: To what extent was the relationship between Helvetiq and the canton de Vaud helpful?

Q15: Did you benefit from the resources, from people or coach, from the SPECo?

Q16: Did you use the available research and information from the original systems of innovation in order to innovate?

Q17: How did you manage to protect your intellectual property?

2. Interview 1: Hadi BARKAT.

INTERVIEW 1 : HADI BARKAT. CEO AND FOUNDER OF HELVETIQ.

1. What is the story of Helvetiq, and which part did you take in it?

Helvetiq exists because one day I was getting prepared for getting citizenship in Switzerland, and I couldn't find anything to get ready for the test that did not feel like going back to school. Everything felt like textbooks, and I wanted something more fun that I could use to learn while having fun, and practice with my friends. And I did not find anything, that's why I created a game, it took me 15 month, 20 months, I can't quite remember now. It was a hobby project really and I had the idea for it, I worked on realizing the first game, I hired people to do it, because I did not have the time and I did not think I could create myself, I wanted someone with more experience. After 2 years of doing it as a hobby, it became a real topic.

2. What is your background? Does it has anything related to the game sector or not at all?

Not at all. The funny story is that I invited a game designer to an offsite. When I was working in venture-capital. So, we got all our team, 12 people in a chalet in Switzerland, and we talked about strategy; about what we were doing, and as an entertainment, I brought a game designer so that he would tell us about how he designs games and then we started playing games. And I guess it was my only connection to the game business at that point. So, when I thought, Ok, I need something more fun, maybe a game, I immediately connected two dots: the need for a game and the fact that I knew this guy. So, I called him up, and we met, and we started brainstorming, and after five minutes I thought: This is really something that could happen. So, maybe if I had not known Sebastien, it would have been maybe different. It's like you have the idea for the game

but you think about it and then at some point you don't know. It was easy for me because I could ask somebody who had experience, so we started brainstorming, and we directly clicked. I hired him, I paid him to design the game, and I paid him way too much to design the game, but that's part of the experience. Otherwise, I did my engineering studies at the Ecole Polytechnique of Lausanne, in Switzerland. I then worked in venture-capital for several years in the USA and Switzerland, and I contributed to the development of two startups in this sector mostly.

3. What challenges did you face in the early stages of your internationalization process? And what are the ones that you are still facing today?

Very interesting question. Each market is special, and there was nobody to explain how each market functions. Let me give you an example, in Switzerland, it's a small market, so you can almost do it all by yourself. In France, our obvious idea was to find a distributor. And thanks to networking, we were starting to talk to distributors. And in the beginning, we thought, that they would do the same job that we are doing in Switzerland. But actually, it doesn't work like this. France is so big that each distributor is focused on a sector. So, for instance, Asmodée is focused on gamers, on hobby stores and then on mainstreams, like all the way to Carrefour. But their focus is on gamers' games. And then initially, we were thinking: Great, if we work with Asmodée they are the biggest player, it's going to work, and it's going to be fantastic. But no, because our approach to the market, which is to try to sell games beyond the games market, in museums, in bookstores because our target is casual gamers, people who are interested in design. Whereas Asmodee is targeting people who are hobby gamers, and so, it took us a while to figure this out. And to this day, it is still a challenge, when you meet somebody who is interesting in distributing your games, to know whether they are a good fit. In the beginning sometimes you cannot chose. You know you have one partner for a country, and you have to, of course, study the partner, discuss and analyze it. But, in the end, you never know whether it's going to be what you really expect. And other challenges include, for instance in the beginning, trying to realize the potential, so you cannot extrapolate. You can't look at your numbers in your home country and think that France is 8 times bigger, 10 times bigger, that doesn't work like this somehow. It takes much more time, and as a result, it makes the relationship with the distributor sometimes difficult to manage. Because you are looking at your numbers in Switzerland, and you're looking at your numbers in

France and you're like: "What are you guys doing? How can we sell 5 times more than you?" How can our distributor in Quebec sell more MusicIQ in Québec than Asmodée in France? And you have things like this.. I see it as a game, at the end of the day. It's actually funny, we are in the game business, and this kind of process of finding distributors, going forward with some of them, stopping with others, is a bit of a game. And, beyond distributors, we also went into countries, let me give you the German example: we found a company where we made a game for them, with their logo on the box, so, this is a different kind of deal. They ordered much more games, we gave them a really good price, our margin was lower, and, they came and visited our office in Lausanne. They were taking photos of the office and the general manager of the company, which has 60 people, he was taking photos and he was telling his employees: You know, look at these guys, they have this kind of office and they are able to create all these products, and we are lagging a little bit. And, in the beginning, I really thought that this relationship would be good. Then, it totally deteriorated. Because they asked us to present concepts to them, after the first successful collaboration. So, we pitched them 5 concepts, and they said no to all of them, but then they went and copied one of the concept. Copied it, completely. The games we made with them, the sales performance with them was better than France but not super exciting. And so, this is another example, I am not saying these people are bad, I think they did one or two bad things, but you could argue that, you know, it's business. In the end, we are not working with them anymore. We did not feed them anymore and we did not show them any concepts. And in Germany, we are going to try to distribute direct, because we cannot find a company in Germany where there is a good fit. The German market is a bit special, in terms of games, there are a lot of big dominants players. And they all make the games the same way, and when they look at our games they think that it is too different, they don't want to do it. And we look at them, and we think the same. So, we are going to try, the distribution direct, with the hypothesis that maybe if we get 50 to 100 reseller in Germany that we work with really well, maybe this is a solid basis, and then we will see where we go after that.

4. What strategies did you adopt in order to be able to compete with larger competitors at an international level?

We don't wake up in the morning thinking about competitors. The market is big enough. What we are trying to do is to come up with very specific branding and positioning. I feel like our branding, of targeting casual gamers, with really good design, is unique on the market. Even on the international level. So far, so good. I think we are able to go to tradeshow and really stand out. People don't look at us thinking "Oh, another company doing the same thing", they look at us and think "Oh, these guys are kind of different". If you go to Nuremberg Toy Fair, you would see that our booth is different, the games are different, we are not attractive to everyone but people who are looking for something different, they really stop and talk to us. We did not conduct a competitive intelligence study, never. We, of course, try to learn about the market a lot, to know who the players are, what do they do and all that, just to know. But not to establish a strategy. That's not a driver at all for us. What we do, is so, sometimes, different than what exists on the market that we have to convince people that, of course it can fly. We have to face this challenge more than the opposite.

5. What are your development goals at an international level, at a mid-term vision, and would you consider them risky?

We would like to develop France, Germany and USA, very well. We believe these three markets are the most important ones. And so, in these markets we are going to invest more. We might have ambassadors, we would like to do more marketing, go to more fairs, and establish the brand and the products. Also, work with solid distributors and try to build strong relationships. In other markets, we would like to find good distributors to work with, to let them handle everything. So we have two levels of countries we look at. International is very important for us. And whether it's risky, yes, there are risks in everything we do. For instance, this year we are selling much more games internationally than ever, we have to produce 60 000 Matchbox games at once. So, there is a risk of error, there is a risk of financing, of working capital, because we've received a lot of orders but we have to get the money in and pay the manufacturers. And, it's potentially very good, but there is always a risk there. There is the certification risk as well, because when you go to different countries, maybe the certification is different. There is legal risks, so we had to hire a lawyer to negotiate our agreement with the US. So, we negotiated the agreement, but in the end,

in the legal drafting of things, we did not feel comfortable doing it ourselves. So, we had to hire a lawyer who got us a really good contract. So, there are lots of risks, but I felt them manageable.

6. What would you say were the qualities and the disadvantages of Helvetiq compared to bigger firms that you had a face as a small company?

Our qualities is our positioning and the disadvantages are maybe a bit of lack of experience in terms of production and process. I believe that when you're experienced of dealing international, you have bit of a framework in mind. I need to get the order in February, if I have multiple languages in the games this is how we manage that, this is how we should produce, this is how we should function. We are a bit doing it like learning by doing, and sometimes I feel like more established companies, they have done it ten times already. They know the processes, that's not or case. As a result, we are trying to figure it out sometimes, and we don't have those kind of processes where you impose for instance a date for orders, sometimes that might be helpful. Being a small company enables us to move very fast, we see opportunities at a much faster pace. For instance, last year, we went to Nuremberg, and two days before going, when we were finishing the catalog, I thought: We should add the puzzles on the last page. Just to see if maybe some people would be interested in that. And we went there and we got all this crazy interest for the puzzles. So, we decided to make 17 cities for the puzzles, and that was not the plan, and I guess bigger companies, they decide what games to present in Nuremberg and stick to it, while we try to do different things, and if things catch up, then we go for it. This is very good example of, for instance, when you're a big company maybe you don't even present some products because you know that there is a risk to change the plan. It was a trivial decision for us to present the Puzzle in Nuremberg, but we have received lots of orders from last year, and now we are going to receive re-orders, and it represents about maybe 10% of our sales, it was definitely worth the try.

7. Who took the decision to develop Helvetiq abroad, and for what reason, and when?

I took the decision. We started with Belgium in 2010, it was actually an invitation of a friend of mine, from Erasmus. He contacted me saying that he knew that I developed a game for Switzerland and asked me to do the same for Belgium, his country. He was sure he will be more

successful than we were in Switzerland, we were always teasing each other a little bit. So, we made this game about Belgium, just to see whether the concept would fly elsewhere, I thought it would. And it worked well, and then there was also another opportunity in the United States. At the time, I was living in Boston, so, my mindset from the beginning has never been local. I like local but I always think global. I feel that with my background and the background of the team, which have been to many countries and speaks many languages, it feels absolutely natural for us to be making a game in Icelandic. Nobody speaks it but it's a no-brainer decision. On top of that, the Swiss market is so small that sometimes, it has crossed my mind that we put so much work, on one game, and then we only have the Swiss market, to make the return on investment. Whether if you would do the same game, but for the US market, you would get much more of it. Of course you have to include that you have a distributor, so it's difficult to have the same market we have in Switzerland in other countries, but in the long run, we might be doing the same work and getting more out of it.

8. In your opinion, what is your main driver of innovation?

People. People in the company, and then technology. If you develop an app that you can combine with traditional games, it could be a really difference. And well, technology is developed by people. We created the demand for our games, we did not create our games to respond to some needs. We did not do any market research, we just created ideas and we try to have a big hit rate. A big success rate, we have a tolerance for failure but we just don't want to fail on too many projects. It could be that Something Else Instead (object) is not going to work, but I still believe it's going to work. But, if it doesn't work, it's not the end of the world. We will have other ideas and opportunities.

We have established core values, that we greed up on in the team. These are the fundamentals, being curious, being ambitious, being resourceful, having a sense of humor, these are the soft skills. And then it depends on the role, but I always look at the potential of the person too. It's not like filling an immediate need, I am also sometimes recruiting with long-term in mind. You cannot recruit somebody and say that you are 100% sure that they will stay for five years. But, to me, it's really important to hire people who I think have the potential to learn and to evolve and

maybe do different jobs, and contribute and be curious. I value this a lot. In the long-run, sometimes we might need someone who is very specialized in something, but in the beginning, in a small company, you need polyvalence. I would like to keep our creative and innovative quality, now, even if we are 20.

9. How would you describe your organizational innovation in terms of risk-taking and export market opportunities?

In terms of innovation, risk-taking and opportunities, I feel that we are not afraid of risks, we look at opportunities all the time, and we don't really run based on a rigid plan. I remember, a couple weeks ago, we touched on this during a Monday meeting. And I was explaining that we try to plan things, but if there is an opportunity, we still almost have the obligation to take it. And it pushed us sometimes out of our comfort zone, but that is also when we need to innovate as an organization, not to observe only the products, but the way we make them. I think that we have to think that it is challenging, but what can we do to still deliver, without burning all the bridges. That's fundamental to me. And any organization need to keep this capacity, it's when the organization do not keep this capacity that they start to lose the edge, and not to be so creative.

10. Which kind of companies, universities or institutions have been important to you in terms of partnership in order to internationalize and/or innovate?

We have received the support of the Canton de Vaud, who has been funding 50% of our costs in exhibiting outside of Switzerland. And I think this is amazing support. It's very simple and it's very balanced, because we also have to pay, so we can't just spend money crazily. I think it has helped us, and then, for universities, we have been so focused on our tasks and projects that we did not try to seek very closed ties with universities yet. Now it's starting actually, it's funny. Now that we are established on the market, that people know our brand and our products, we get approach by universities to work together. For instance, we have expertise that goes beyond the initial project, so, we are able to go all the way. We got approach by a graphic design school who would like us to come as an expert when they work with other companies on a project. We also talked about giving them a workshop during a week for all their students, and a win-win collaboration which means that we would even pay them sometimes, and they would pay us sometimes. Last

week I was meeting with a man from a graphic design school in Geneva and we talked about this. Regarding companies, we could say that we are partnering with our distributors outside of Switzerland, we see them as partners. We have never had a mentor, we have never had somebody who holds our hands, and we are all out alone. We have good relationships with companies. Our network, relatives and friends, contributed in the very beginning, when we had this crowdfunding campaign, without Kickstarter or any website but just by e-mail base. And, we receive support all the time but it's not very structured, we don't have financing from external people, we try to use our network but not excessively. There was one organization that has helped us very recently and I think it was really precious, it's called Switzerland Global Enterprise. They receive funding from the confederation and they are public and private, and we can consult them for free if we are trying to export products. So, when we were negotiating the deal in the USA, I met with a person, she gave me advices, she is a senior person who has seen many deals like this, and it helped us in the negotiation. She recommended a lawyer in the USA, and we hired that lawyer and that lawyer was very reasonable in terms of price and very good in terms of advices as well. I thought that very small contribution for this external party helped us.

11. Did you benefit from any financial support? To what did it contribute?

We received the SPECo support from the Canton de Vaud, that's the only public support that we got. It helped us for participating to tradeshowes abroad but also to develop the French market by having an ambassador there. The way SPECo works is that we had to file a business plan few years ago, and go to stages of selection. And if you go through the stages of selection, there is a public decision, and even the press in the Canton de Vaud ha to sign it, so it's a very serious thing. Then, they give you an envelope of 100 000 CHF that you can use over 5 years. And you can only use it if you spend the other 50%, and you can spend it on ambassadors outside of your country, you can use it on tradeshowes, and on R&D projects. Actually, I did not know that until very late in the process, that they had an envelope of 100 000 CHF. For some reasons, I filed this to get tax breaks for new companies, because we were not able to pay ourselves salaries and we had to pay taxes. I thought it would be smarter to pay less taxes and be able to hire more people, to re-invest. So, we got that, and in addition to this tax break was the financial support, which I was not really

aware until very late in the process, when I met the man of the SPECo again. As soon as I knew it, I started using it. We for instance did the Belgium project thanks to the SPECo financial help.

12. Would you have been able to pursue all your projects without the financial support from the SPECo?

Yes, maybe not just as many as we did pursue in the end. But yes, we would have done it anyways.

13. Did the public policies of Switzerland help you to internationalize or were they a barrier?

I don't see anyone as a barrier right now, policies outside of Switzerland are fine for us. The fact that Switzerland is not part of the European Union is a bit of a problem sometimes, but we're not the only ones in this case, so we just have to think and figure out a solution. We had to figure out a solution and request a European VAT number and there is probably extra costs involved in doing business just because Switzerland is not part of EU. Each time we cross the border with products there is extra cost involved because people have to do a lot of paperwork. Maybe this could be seen as a barrier, but it's not something we can control, we just have to find solutions. And it took us a couple of months to figure out what was the best setup, and we lost a bit of money at some point because of that, with VAT issues with Germany. It's again, part of the learning process.

14. To what extent was the relationship between Helvetiq and the Canton de Vaud helpful?

Again, it is SPECo money, it was very helpful. I feel that Switzerland and the Canton de Vaud in particular offer a very positive pro-entrepreneur atmosphere. You don't feel like you're hindered, even the leaders of the cantons and of Switzerland, they are always talking so positively about creating new businesses, about how exports are important for Switzerland. The business atmosphere in Switzerland is very good, it's dynamic and positive. Of course we have the issue that Switzerland is not part of the EU, but there are good and bad sides to this. It means that it is just something we need to handle.

The SPECo helped us to be more ambitious, clearly, and take more risks sometimes, without putting everything from our pocket. For instance, in terms of tradeshow, this year we did six tradeshow, in a normal situation, you don't do that, because it's too much money to invest, at once. We did New York, we did Nuremberg, we did Paris, twice, and we did Amsterdam. And now,

two months after all these tradeshow I think it was very good to do that. Some of them, we shouldn't have done but at least we didn't pay everything out of our pocket and now we might not go again. So, it was good to test that when we were having subsidies of 50%. For the French market, same thing, we would not have hired Sophie as an ambassador without that support. Because it would have been too much to invest at start, for the volume of business. I think we would have done anyway, I answered your question previously, but, maybe we would not have done that as fast.

Regarding the R&D project, it was a different case, some of our costs of making the game were offset by that money. In the end, we were positive, it improved our profit in one project, and allowed us to invest the money in other things. I like it better when it's investing, because when you're increasing your profit, you're not seeing the benefits long term while when we participate to tradeshow, we can see the long term benefits.

15. Did you benefit from the resources, from people or coach, from the SPECo?

We received a price, in Canton de Vaud, which is called the PERL price, where we won 10 000 CHF. It was a contest of business plan so you could also include that in the supports we had. As a result, as part of that price we received coaching opportunities, by other companies and organizations, public and private coaching. But I have to say, I don't want to be un humble, but the coaching was not bringing us much. I tried it out of courtesy, sometimes I felt that I had more experience than the people that were trying to coach us. Very often when you look at public support to innovation, the people who work in these things, have no experience themselves, they are former bankers, or former consultants, or other, and they have never done what you are doing. So, if you want coaching that helps, do it with people who are former entrepreneurs, who are successful in creating their own thing. I think that is the typical problem of incubators and coaching in a lot of countries, is that it is done by people who should not be doing that. That's why we did not use as much this part of this help. I would have loved to receive coaching from someone who had a useful background. Instead, I felt like we were running for a business plan competition while we already had real customers and we needed something more real. Very often, this kind of support comes from very good intentions, but very bad execution, not only in

Switzerland but in all countries. Sometimes in Switzerland I have seen good exceptions, for instance, one of the biggest organizations that supports the entrepreneurs, the man who has been running his program for 15 years is actually a friend of mine and I know his background, and he should totally be doing this. People miss the point sometimes, it's not only about the business plan but rather to ask yourself the good questions and find solutions. Some people fantasize about Silicon Valley for instance, the Google and the Facebook of the world, and every company that they meet they would like to turn into Facebook, but it doesn't work like this. It's really about understanding your own environment and trying to create in your environment. In Switzerland for instance, what I understand is that we live in a country that has the chance of being multilingual, where you have the most immigration in Europe, where there is very high level of education, and so, we are able to have people in our team that have this background that when we make Global ingredients with Swiss design.

16. Did you use the available research and information from the original systems of innovation in order to innovate?

No, our innovation is really based on trying to come up with authentic ideas. There are enough companies that are much better than us at doing market research, and so we try to just be authentic. It is part of our DNA, Helvetiq was created because it was a personal need executed very well. We tend in our team to look at more things, and to be very curious to come up with ideas from our own environment, from our own biography. We think that is a very valid way to come up with ideas for the products, and that is one of the core values of Helvetiq. We would like to keep doing that.

17. How did you manage to protect your intellectual property?

Intellectual property doesn't really exist in games, because often it's so easy to make a game that is just slightly different. I recommend people not to spend money on protecting their intellectual rights here. Even sometimes in technology. In one of my jobs in a startup, we were thinking about that but in the end we didn't do it, very often, in the beginning you don't have a lot of money, and if you spend 50 000 CHF protecting something that is not going to help you to protect it, it's like burning money. It's much better to have an idea, to execute it well, fast, and keep executing.

Keep always going forward, even if somebody looks at you at some point, and decide to copy you: good for them. And you are actually moving, that's the best protection, what I call a bit of ability to being creative, and ability to execute well and fast. And also trying to keep your trade secrets sometimes. For instance when you're working on a project, don't talk about it too early, keep going, make it and then keep making the next one, instead of spending money to rights protection.

3. Interview 2: Jonas LEFRANÇOIS.

INTERVIEW 2: JONAS LEFRANÇOIS, HEAD OF SALES AT HELVETIQ.

1. What is the story of Helvetiq, and which part did you take in it?

Helvetiq was founded 8 years ago, when Hadi, the founder, wanted to pass his Swiss citizenship test and prepare for the exam. He created a game and he got very positive feedback. So, he started to think about publishing it, and it was a big success when he launched the company. At the beginning it was Swiss products, with books and board games. I joined Helvetiq over a year a few months ago, to develop the French part of Switzerland and International, especially with distributors. We went from 2 to 12 countries now.

2. What is your background? Does it has anything related to the game sector or not at all?

I did a Bachelor in Business Administration in Montréal, and then I did a master of international commerce in Seoul National University in Korea. I also did an internship for 10 months as a sales representative for a board game company in the US. So, my background is business and trade that relates to the sales part of the job. For the games industry, I did one internship that brought me into it, and when I was a kid I was playing board games, not especially a lot, but I even tried some geek activities like figurines war games. So that helps a lot for understanding the market. I did not play for almost 8 years but I still like to play sometimes.

3. What challenges did you face in the early stages of your internationalization process? And what are the ones that you are still facing today?

Some of the early challenges are mostly finding distributors, so, you have to find your partners, which can always get tricky. Especially when you have multiple choices, so you need to find the right one. That's a big challenge. First, finding at least one partner, that is not that obvious depending on the country. And for other countries, you have a lot of choices, one of them might be the right one, or two of them might be the right ones, or maybe none of them are great choices. So, mostly finding the right partner is the biggest challenge. When you start to go international, and even when you keep going abroad, it's still the same challenge. There is still also knowing what are the usual margins, and other conditions. Also realizing that not all the countries have the same purchasing power so you need to adapt your prices and sometimes cut your margin. And the challenge we still face now I would say it's more a challenge of suddenly getting to work with 12 countries, is to manage to stay on top of it, it means having a bigger production and it's a lot of administrative work and getting well organized. The last challenge is the fact that we are Swiss, we are a small country, so orders from another country tends to be big related to the size of the market. For example, a Swiss partner will order maybe 10% of your production, and for Switzerland we will produce only 3000 games. And afterwards, a big partner in the US might want to order 3000 or 4000 which is actually even more than what we produce for us. So, the risk is much bigger, and you need much more cash flow, it is suddenly very big.

4. What strategies did you adopt in order to be able to compete with larger competitors at an international level?

The thing is that in the games market, either competitors go by themselves, like Asmodée for example which is like the biggest board game company. They buy other companies and they are present in the market in direct as a result. And other big companies, if you take Mattel or Ravensburger, usually they would choose big distribution partners. So, actually, there are all the other ones, all the small publishers or smaller distributors, or even quite big distributors that are always looking for new products. It's a market where you compete on price of course, but the product differentiation is pretty important as well. As long as a product is different, you can possibly find a partner, and also you can be more reactive than bigger ones maybe. That's what we are trying to do. Or if your product is original, or fresher, I would say that is one of the advantages of the game market and toys. People are always looking for new products and stores

are always looking for it as well because the big players will be in mass market stores, and small stores are looking for things that are not on the mass market. It's an advantage for the small companies.

5. What are your development goals at an international level, at a mid-term vision, and would you consider them risky.

On a mid-term vision, the main goal would be to reinforce the existing markets, and find a few more ones. Probably in Asia that would be Korea, and developing Japan more as we have an existing partner. Most of our partners internationally are new, almost, or very recent. Except France, we have no partners that are older than a year or a year and a half. So, to reinforce the relationships with our distributors and retailers, expand the range of products that they carry, and help them develop our brand in their country. Also, increase the volume, because we are now present in most markets that are big on games. We have a few more markets to develop especially, like Germany, where we already are implemented, which would be a big challenge. Maybe some South American country, or China, even if the board game market is not that big at the moment. Number one for the mid-term challenge is definitely Germany, France and the US, Number two is to reinforce our relationships with the partners, and then eventually Korea, which is relatively developed, and then some other small countries.

Our development goals are not that risky because we don't have to invest too much. It is more a matter of time investment, and a bit of money when we go to tradeshow, but we will go there anyways, because it's Europe and the USA, and we have key partners there. It's not a huge risk to find new partners, just trying to get in touch with the right ones at the shows we're already going, and the other challenge maybe would be when we find a partner, they make an order and they don't pay, but the risk is not that high in general.

6. What would you say were the qualities and the disadvantages of Helvetiq compared to bigger firms that you had a face as a small company?

The advantage of Helvetiq, I would say, is the graphic design of the games. It's the biggest advantage. The second advantage that we have is that we are in the Swiss market and we have some best-sellers, so we have now a very nice distribution network in Switzerland. As a result we

could control our own distribution in Switzerland which is a country that allows for higher prices. Even if it's a small market we have a good profit margin on our products, bigger than in any other country actually. That's one of the big advantage, it gives us some cash flow also, thanks to Switzerland. That's one of the advantage with the graphic design of the games. Then, our disadvantages, are a lack of organization and a growth that is fast. As a result, pressure on resources, which is probably the result of prioritization. If you compare to our partners, one of the challenge is to see if you deal with companies that are slightly older, or bigger, we tend to have the needed information too late for them to have business with their big clients. Because key partners want some information on the upcoming products at the beginning of the year, and we are late to give them the information because we are too busy, and they have to wait six or eight months until they can offer these products to their big clients in their country. So, that's a big challenge when we go international. The other advantage we have is that, as we are a small company, working all together in an open-space, we don't suffer from a strong hierarchy that slows down the flow of information. We always collaborate and are able to resolve problems faster, and also come up with new ideas when brainstorming altogether.

7. Who took the decision to develop Helvetiq abroad, and for what reason, and when?

The first time was taken in Belgium, in 2012, when Helvetiq went to Belgium, by adapting the Helvetiq game to the Belgian market, named Belgotron. It was also a small country, multilingual, so there were some common points. That is the first time the company went abroad, and it was mostly because Hadi had a friend in Belgium who was willing to do this project. Then, the real internationalization came in 2014 by going to France and Germany. The decision was taken by Hadi at the time, as the company was hiring two employee full time and a graphic designer part time. The reason to go abroad was because Switzerland is a very small market, so, when you develop new games and you produce them, it is in small quantities. By going abroad, you can sell more of the games. If you want to grow, you have to go outside of Switzerland, because the growth is limited. At that time Helvetiq had games that were not Swiss specific, then, going abroad was easier and appeared as a big opportunity. It also needs to produce a bigger amount of games and the development goals of the product are the same, so, you can actually sell more products

and make it more profitable regarding to the time and money that you invested on it. You can reach big economies of scale, and reach bigger markets as well.

8. In your opinion, what is your main driver of innovation?

The main driver of innovation would be Hadi, because he's the one who has ideas or receives ideas from the outside. I would say that now in terms of innovations and new ideas we are established in Switzerland, and we have a design that is appealing to people who like design. We are receiving a lot of ideas and books, therefore the driver of innovation at Helvetiq is also just people who hear about the company, who like what we do, and contact us to suggest new ideas. That's actually a big driver for new products, but I don't know if it's an innovation itself. Besides that, if we try to innovate in other directions, such as in the way we operate, then I would say that the growth of the company is our main driver. The company is growing so there is no choice but to find solutions. We have sometimes to innovate to adapt to our challenges of getting bigger.

9. How would you describe your organizational innovation in terms of risk-taking and export market opportunities?

So the way we innovate within the company to take risks and go international, and address the challenges. Within the company, I don't know if we actually innovate to go abroad, it's a bit of a tricky question. We go abroad with our products that we eventually adapt, there is a sort of innovation of the product itself. Then, in the way we do it, I don't think we do it in a very innovate way, it's quite classic. What makes the success of it is probably the amount of time and efforts, and especially the products that we have. It's more the products innovations that helps us to go abroad, there is no organizational innovation for that. In terms of risks in the way we innovate or adapt the products, we try to test them more, so far it's a bit of a fail because we are too busy to be able to test all the products properly. One organizational innovation is to implement ways of testing the products, improving this process before implementing them on a market. The second thing that we already started to implement is to get more feedback from the partners. When we present the prototypes to the partners we now receive feedback from them, and that is something we could probably do more. Also, we should formalize a bit more by sending them prototypes earlier. So, we did not innovate yet, but there are some aspects that got updated. We

have feedback from our partners and now we need to push more to have feedback within the company as well.

10. Which kind of companies, universities or institutions have been important to you in terms of partnership in order to internationalize and/or innovate?

One of the biggest partner for internationalization was the Canton de Vaud, because they granted us money and subsidies our international exhibitions. When we go to tradeshow, they reimburse us the half of the expenses. That was very big, as it allowed the company to do twice as many shows and to test some shows we would not have gone otherwise, as we really care about the return on investment and it was the first time we were going there. That was clearly the biggest push for going international, and otherwise, I will not know enough about the history of the company. Since I started, the internationalization was still early and the Canton de Vaud which gave us government subsidies was definitely the major support we got.

11. Did you benefit from any financial support? To what did it contribute?

Yes, I refer to my last answer. It was from the Canton de Vaud and they reimbursed half of our expenses abroad when going to tradeshow outside of Switzerland. It was a push focused on exports only, it's really the goal of these subsidies, to help Swiss companies to export.

12. Would you have been able to pursue all your projects without the financial support from the SPECo?

No, without the Cantuun subsidies, we would not have been able to go to so many shows. We probably would have gone to the US as it is a big market and worth the try, but that was really a big push to participate to so many shows in so many countries.

13. Did the public policies of Switzerland help you to internationalize or were they a barrier?

The fact that Switzerland is not part of Europe is actually a problem for our internationalization, because as a result, it makes things much more complicated in terms of customs, it's also more expensive. So, it forced us to take a warehouse in Europe and get a European VAT number so we could store products outside of Switzerland. Otherwise, when bringing products into Switzerland to re-export them is too expensive and complicated. That was one of the issues with Switzerland.

Except that there are some structures and institutions available to help companies in their internationalization process. To answer questions, for instance if you have questions regarding exports processes, you can contact them via the economic branch of the government and they will directly answer your questions. At least I did it once and it was very helpful, SPECo offers did, but there are also other institutions from the government of Switzerland itself.

In May, I attended the PERL (Price for Entrepreneurs from the Region of Lausanne), which is a contest between startups and SMEs to get a financial and structural help for this Canton. It is a very interesting event and we discussed about the global situations of companies in Switzerland. I learned there that One Franc over two is made abroad, which I think is a very representation of how Switzerland is committed to internationalize. There were some issues raised regarding the difficulties encountered because of having a high Swiss Franc and how it might be a barrier to export. However, this is not the case for us as we produce in Euros, in Germany and Poland. We could argue that our salaries are being paid in Francs and of course are more expensive than in Europe. It would be a small burden for the company to hire people in Europe, we could say it's a small disadvantage compared to our competitors. But, at the same time, we have the Swiss market that clearly compensates for that, as we have bigger margins as I mentioned before. Then, since we produce in Euros, the exchange rate problem is not a big issue. We are not producing a service, we are producing goods, so, it's a bit more expensive to develop these products but at the same time, we sell these products in Switzerland and we get a good return on investment. It's more when we produce in Euros and we import our products to Switzerland to sell them, a stronger Swiss Francs means that suddenly we need to lower a bit the prices of games and imports. So, when we bring our own products to Switzerland, in only one case we had to lower the prices of the products, to avoid a too big difference between the prices of Europe and the products of Switzerland. And, in this case where we had to lower the price because of a stronger Swiss Franc that can impact our retailers, and our profit margin in Switzerland. But for internationalization, I don't think that part is a big problem.

14. To what extent was the relationship between Helvetiq and the Canton de Vaud helpful?

I don't know enough details for that, I just know that we had some support from the Canton de Vaud. We applied for it and we got it.

15. Did you benefit from the resources, of the people or coach, from the SPECo?

I don't know, not that I recall. I contacted someone from the government when I had issues and questions regarding exports and it was very helpful. Otherwise I did not personally benefit from any support from an external coach for helping in my tasks. There is a government platform for questions regarding export tariffs and customs for imports and exports which I used quite often, but it's not coaching.

16. Did you use the available research and information from the original systems of innovation in order to innovate?

Not really. We develop our products by ourselves, based on internal decision, mostly by Hadi, and a bit of feedback from distributors. And then we try to sell those products abroad by finding distributors who liked our products. We don't use too much external systems to innovate in terms of products, and then in terms of market research, we never used or did it. It's also part of our DNA, not to function in that way, to stay as creative as possible.

17. How did you manage to protect your intellectual property?

We had one distributor who asked us to register a trademark for MyPuzzle. He offered to do it for us in the US. I'm not even sure if he did or not in the end, but he suggested to protect it at least in the US. Outside of the US, as far as I know in Switzerland, we did not copyrights game titles or mechanics. Simply because it's not worth it in the board game industry. In general, the amount of money involved in a law suit are too high compared to the value or the profit generated by games. So, at all levels, our games are not protected and in general, they are protected by just being what they are. People know it originally from us and that's the way we can protect it I guess. It's very hard to protect a game mechanism, and the design is already protected in himself without having to copyright it. The strength of the brand I think is the best advantage we can consider not to be copied in certain ways.